

Civil Service Commission

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T*o exercise the powers and duties prescribed by Sections 1001 and 1001.1 of the Charter of the City of San Jose, including recommendations to the City Council regarding adoption, amendment, or repeal of Civil Service rules, hearing appeals of disciplinary actions by personnel in the Classified Service, and appointments to the Salary Setting Commission*

Patricia L. O'Hearn, City Clerk

Civil Service Commission

Budget Summary

	2001-2002 Adopted	2002-2003 Adopted	Change
Authorized Positions	-	-	N/A
Department Budget (All Funds)	\$ 22,508	\$ 22,508	0.0%

Budget Highlights 2002-2003

- ☐ No changes were made to the 2002-2003 budget.

Department Overview

For 2002-2003, no changes were made to the Civil Service Commission budget.

Department Budget Summary

	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Dollars by Program					
Civil Service Commission	\$ 18,293	\$ 22,508	\$ 22,508	\$ 22,508	0.0%
Total	\$ 18,293	\$ 22,508	\$ 22,508	\$ 22,508	0.0%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 15,520	\$ 15,963	\$ 15,963	\$ 15,963	0.0%
Overtime	0	0	0	0	0.0%
Subtotal	\$ 15,520	\$ 15,963	\$ 15,963	\$ 15,963	0.0%
Non-Personal/Equipment	2,773	6,545	6,545	6,545	0.0%
Total	\$ 18,293	\$ 22,508	\$ 22,508	\$ 22,508	0.0%
Dollars by Fund					
General Fund	\$ 18,293	\$ 22,508	\$ 22,508	\$ 22,508	0.0%
Total	\$ 18,293	\$ 22,508	\$ 22,508	\$ 22,508	0.0%
Authorized Positions	-	-	-	-	N/A

Civil Service Commission

Budget Reconciliation

(2001-2002 Adopted to 2002-2003 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2001-2002):	0.00	22,508	22,508
<hr/> Base Adjustments			
NONE			
2002-2003 Forecast Base Budget:	0.00	22,508	22,508
2002-2003 Adopted Budget Total	0.00	22,508	22,508

Civil Service Commission

Budget Program: Civil Service Commission
City Service Area: Strategic Support

Patricia L. O'Hearn, City Clerk

As mandated by the City Charter, the Civil Service Commission recommends to the City Council the adoption, amendment, or repeal of Civil Service rules, conducts hearings on appeals of disciplinary

actions by personnel in the Classified Service, and makes appointments to the Salary Setting Commission.

Program Budget Summary

	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Personal Services	\$ 15,520	\$ 15,963	\$ 15,963	\$ 15,963	0.0%
Non-Personal/Equipment	2,773	6,545	6,545	6,545	0.0%
Total	\$ 18,293	\$ 22,508	\$ 22,508	\$ 22,508	0.0%
Authorized Positions	-	-	-	-	N/A

Budget Changes By Program

Adopted Program Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Conventions, Arts and Entertainment Department

Nancy Johnson, Director

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T*o enrich the community and strengthen the
economy of San Jose by providing exceptional
convention and cultural services*

Core Services

Convention Facilities

To provide facilities and services that attract conventions and events that
contribute to the City's economy

Arts and Cultural Development

To develop and manage resources that support and build diverse cultural
organizations and the arts

Outdoor Special Events

To coordinate, support and produce outdoor special events on public and
private property

Strategic Support: Fiscal Services, Capital Facilities Development,
Marketing, Employee Services, Information Systems

Conventions, Arts and Entertainment Department

Budget Summary

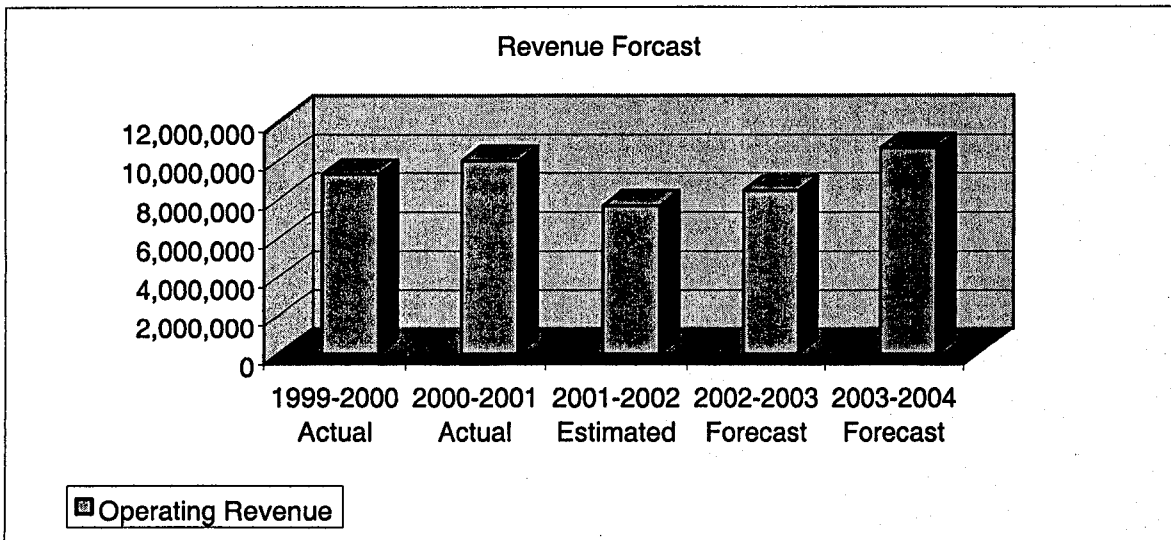
	2001-2002 Adopted	2002-2003 Adopted	Change
Authorized Positions	151.56	149.56	(1.3%)
Department Budget (All Funds)	\$ 20,096,236	\$ 19,995,947	(0.5%)

Budget Highlights 2002-2003

- ☐ Delay hiring 8.5 positions related to the Convention Center Electrical Services Revenue Program until service demand increases and overall revenue supports filling of the positions.
- ☐ The use of California Arts Council Grant funds to provide on-site management of the Arts Development Center (ADC) allows for the elimination of a vacant Multicultural Arts Program Coordinator position.

Budget Byte

Satisfy Demand for Convention/Meeting and Event Needs



Conventions, Arts and Entertainment Department

Department Overview

The Conventions, Arts and Entertainment Department (CAE) mission is to enrich the community and strengthen the economy of San Jose by providing exceptional cultural and convention services. This mission and core services of CAE provide support to two City Service Areas (CSA): Economic and Neighborhood Development (END) and Recreation and Cultural Services (R&CS).

By working to “strengthen the economy of San Jose”, CAE’s core service of Convention Facilities supports one of the three END outcomes: *Strong Economic Base*. By “providing exceptional cultural services”, CAE’s remaining two core services, Arts and Cultural Development and Outdoor Special Events support the R&CS outcome: *Diverse Range of Arts and Cultural Offerings*.

Convention Facilities

A strategic goal of the END CSA is to attract, retain, and expand business by satisfying the demand for convention, meeting, event, and visitor needs. Due to the economic slowdown, demand for meeting and convention services and the opportunity to expand business was significantly diminished in 2001-2002. San Jose’s convention and trade show niche, the technology sector, suffered a major economic setback. Additionally, the travel and tourism industry came to an unprecedented halt as a result of the September terrorist attacks. The result in 2001-2002 was substantially smaller conventions and trade shows than prior years due to business failures.

In 2001-2002, a proposal to perform in-house electrical services was approved although implementation of the program was delayed due to the economic slowdown. Initiation of the program in 2002-2003 is anticipated to increase operating revenues. In accordance

with the Mayor’s June Budget Message, implementation of the conversion to in-house electrical services will be delayed until discussions occur with stakeholders to determine if there is a way to increase revenues to the Convention Center while limiting the potential disruption to customers. Additional strategies to improve performance in 2002-2003 include exploration of retail opportunities and markets outside the technology arena, and cost control measures by defunding and freezing specific positions until service demand and revenue increases.

Arts & Cultural Development

The Arts and Cultural Development core service supports the R&CS CSA outcome of *Diverse Range of Arts and Cultural Offerings*. This core service has an active role in the cultural life of the city through its cultural grants, arts education, cultural art development programs and public art development programs.

Arts Grant funding provides general operating support for San Jose’s larger arts organizations, as well as support for specific programs for dozens of smaller organizations. Due to the economic downturn, Transient Occupancy Tax revenues that support the grant program have declined as have earned income and non-City contributed income for most arts and cultural organizations. In 2002-2003 a Challenge Grant initiative will encourage the development of new funding for the arts, through matching grant opportunities.

An additional strategy to compensate for the challenging economic environment includes redesigning three key programs of this core service - Arts Grants, Arts Incubation and Arts Education. Goals of the redesign include meeting contemporary needs of the arts and cultural community as well as San Jose

Conventions, Arts and Entertainment Department

Department Overview (Cont'd.)

Arts & Cultural Development (Cont'd.)

residents and visitors and maximizing leverage of City resources.

Outdoor Special Events

Outdoor Special Events contribute significantly to the R&CS CSA by coordinating and supporting a growing number and wide variety of increasingly complex events within the City of San Jose. Upcoming projects include the 2005 Renaissance Summer and the cultural component of the 2012 Bay Area Olympics bid.

New in 2002-2003 and in keeping with the City's efforts to strengthen its unique neighborhoods, this core service is designing and producing a Special Events Guidebook to help neighborhood groups develop special events at the grassroots level. The goal is to help design family-oriented, low cost, educational and entertaining events. Additional benefits include building a sense of identity and cohesiveness within a neighborhood and promoting unique business districts.

Conventions, Arts and Entertainment Department

Budget Summary

	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	2 Change (2 to 4)
Dollars by Core Service					
Convention Facilities	N/A	N/A	\$ 12,661,978	\$ 12,222,761	N/A
Arts and Cultural Development	N/A	N/A	4,253,884	4,191,150	N/A
Outdoor Special Events	N/A	N/A	733,307	733,307	N/A
Strategic Support	N/A	N/A	2,848,729	2,848,729	N/A
Total	\$ -	\$ -	\$ 20,497,898	\$ 19,995,947	N/A
Dollars by Program					
Administrative Services	\$ 1,676,028	\$ 1,828,586	N/A	N/A	N/A
Conv. & Cultural Facilities	12,208,756	14,839,338	N/A	N/A	N/A
Cultural Affairs	2,930,921	3,428,312	N/A	N/A	N/A
Visitor Services	10,881,192	N/A	N/A	N/A	N/A
Total	\$ 27,696,897	\$ 20,096,236	\$ -	\$ -	N/A
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 16,339,773	\$ 10,123,572	\$ 11,011,370	\$ 10,361,370	2.3%
Overtime	612,512	230,551	244,383	244,383	6.0%
Subtotal	\$ 16,952,285	\$ 10,354,123	\$ 11,255,753	\$ 10,605,753	2.4%
Non-Personal/Equipment	\$ 10,744,612	\$ 9,742,113	\$ 9,242,145	\$ 9,390,194	(3.6%)
Total	\$ 27,696,897	\$ 20,096,236	\$ 20,497,898	\$ 19,995,947	(0.5%)
Dollars by Fund					
General Fund	\$ 10,881,192	N/A	N/A	N/A	N/A
Conv & Cultural Affairs	16,732,890	19,900,293	20,210,587	19,708,636	(1.0%)
Capital Funds	82,815	195,943	287,311	287,311	46.6%
Total	\$ 27,696,897	\$ 20,096,236	\$ 20,497,898	\$ 19,995,947	(0.5%)
Authorized Positions	298.45	151.56	150.56	149.56	(1.3%)

Note: The City of San Jose is in the final year of three year transition to a Performance-Based Budget. As a main step in the process, all departments and City Council appointees identified their major lines of business or "Core Services" delivered to customers. Departmental budget sections are now presented by Core Services, rather than Programs, with performance measures and adopted budget changes detailed. For fiscal year 2002-2003 (as part of the budget transition), Program information is now only available for the display of 2000-2001 Actual and 2001-2002 Adopted Budget data.

Conventions, Arts and Entertainment Department

Budget Reconciliation

(2001-2002 Adopted to 2002-2003 Adopted)

	Positions	All Funds (\$)
Prior Year Budget (2001-2002):	151.56	20,096,236
<hr/> Base Adjustments <hr/>		
One-Time Prior Year Expenditures Deleted		
● Rebudget: Art Grant		(128,868)
● Electrical Project one-time equipment		(525,000)
● Energy Management Project		(385,000)
One-time Prior Year Expenditures Subtotal:	0.00	(1,038,868)
Technical Adjustments to Costs of Ongoing Activities		
● Salary/benefit changes and the following position reallocations:		1,040,488
- Staff Aide to a Staff Specialist		
● Transfer of 1.0 Network Technician and 1.0 Network Engineer to Information Technology Department to better align services	(2.00)	(187,472)
● Transfer of 1.0 Office Specialist from Parks Recreation and Neighborhood Services for Cultural Affairs staff support	1.00	48,614
● Increase in overhead to reflect revised rates		207,856
● Changes in utilities costs		6,847
● Changes for maintenance contract services COLA		67,300
● Changes in gas costs		226,000
● Changes in electricity costs		19,000
● Changes in vehicle maintenance and operations costs		(3,300)
● Changes in insurance costs		15,197
Technical Adjustments Subtotal:	(1.00)	1,440,530
2002-2003 Forecast Base Budget:	150.56	20,497,898
<hr/> Investment/Budget Proposals Approved <hr/>		
Convention Facilities		
- Convention Center Electrical Services Revenue Program		(577,967)
- Rebudget: Lighting Equipment Replacement		138,750
Convention Facilities Subtotal:	0.00	(439,217)
Arts and Cultural Development		
- MultiCultural Arts Development Resources Reallocation	(1.00)	(85,354)
- Rebudget: Miscellaneous Art Grants		22,620
Arts and Cultural Development Subtotal:	(1.00)	(62,734)
Total Investment/Budget Proposals Approved	(1.00)	(501,951)
2002-2003 Adopted Budget Total	149.56	19,995,947

Conventions, Arts and Entertainment Department

Core Service: Convention Facilities

City Service Area: Economic and Neighborhood Development

Core Service Purpose

To provide facilities and services that attract conventions and events that contribute to the City's economy.

Key Operational Services:

- | | |
|--|---|
| <input type="checkbox"/> Sales and Marketing | <input type="checkbox"/> Facility and Infrastructure |
| <input type="checkbox"/> Event Services | Maintenance |
| <input type="checkbox"/> Technical Services | <input type="checkbox"/> HVAC, Electrical, and Co-Generation |
| <input type="checkbox"/> Food and Beverage Services | Services |
| | <input type="checkbox"/> Public Safety Services |

Performance and Resource Overview

The Convention Facilities core service has an integral role in the following Economic and Neighborhood Development (END) CSA outcome: *Strong Economic Base*. This core service also relates to END's strategic goal to attract, retain and expand business by satisfying the demand for convention, meeting, event and visitor needs. Convention and trade show delegates fuel the economy by bringing new money to local hotels, restaurants, attractions, transportation, and other hospitality related businesses. These activities are monitored and measured, the results of which demonstrate overall impact to the local economy. The Convention Facilities include the Convention Center, Civic Auditorium, and Parkside Hall.

In 2000-2001, as the economy moved into a recession, the impact on the convention industry was not apparent. Record-breaking bookings for the December 2000 holiday season and strong convention and trade show attendance created nearly \$160 million in direct delegate spending and \$25.7 million in tax benefit. Occupancy and event attendance remained high and the number of delegates increased by 15 percent from the previous year.

For small to mid-sized convention facilities such as San Jose, successful events are a mixed blessing. Just when an event becomes financially lucrative, it outgrows the facility. In 2001-2002, five trade shows had simultaneously outgrown San Jose and their dates were filled with smaller events. San Jose's convention and trade show niche is the technology market which suffered a major economic setback in 2001-2002. Additionally, the travel and tourism industry came to an unprecedented halt as a result of the September terrorist attacks. Consequently, the remaining 2001-2002 conventions and trade shows were substantially smaller and fewer than in prior years. Occupancy, attendance, and spending have fallen as much as 31%. The original target of \$10 million for operating revenue was estimated to fall short by 10% because of the economy, and an additional 20% because implementation of a new electrical revenue program was postponed one year. In order to offset some of this revenue loss, operating expenses were held to approximately \$11 million, which was nearly \$1.2 million less than the original budget.

Conventions, Arts and Entertainment Department

Core Service: Convention Facilities

City Service Area: Economic and Neighborhood Development

Performance and Resource Overview (Cont'd.)







The impact of one-time expenses, delayed implementation of the electrical services revenue program, and decrease in the number and size of conventions and trade shows can be seen in the drop in Convention Facility cost recovery which was estimated at 62 percent for 2001-2002. This was an 11 percent reduction from the prior year's level of 73 percent. Strategies to improve cost recovery in 2002-2003 include phasing in the electrical service program after discussion with stakeholders to increase revenue and service to clients. Exploration of retail opportunities and markets outside the technology arena continued with the intent of discovering new revenue sources. Cost control measures include freezing 8.5 vacant positions until service demand and revenue increases. Implementation of the electrical services revenue program is expected to increase cost recovery to 68 percent for 2002-2003 despite the continued sluggish economy.

Conventions, Arts and Entertainment Department

Core Service: Convention Facilities

City Service Area: *Economic and Neighborhood Development*

Performance and Resource Overview (Cont'd.)

Convention Facilities Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 Direct delegate spending	\$160M	\$163M	\$110M	\$140M
 Tax benefit from delegate spending per dollar of operating costs*	\$2.11	\$2.13	\$1.57	\$1.73
 % of operating expenses recovered from earned operating revenue (excluding TOT)	73%	80%	62%	68%
 % of customer requests completed within time standards during events	-	75%	-	TBD**
 % of customers who would return to the Convention Facilities	100%	95%	100%	100%
 % of customers rating overall service good to excellent based on satisfaction with facilities and services provided	100%	75%	100%	100%

* Operating cost figures do not include Convention Center Lease Payment

** New questions will be developed and incorporated into existing survey to provide baseline data for this measure

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Number of Events at Convention Facilities	278	275	260	270
Attendance at Convention Facilities	642,186	655,000	600,000	625,000
Number of Convention Delegates	277,248	368,000	190,000	240,000
Delegate Expenditures	159,600,000	163,000,000	110,000,000	140,000,000
Total Tax Benefit (\$)	25,700,000	26,000,000	20,116,024	25,447,667
Operating Revenue (\$)	8,945,359	9,786,899	6,879,150	8,710,086
Operating Expense (\$)	12,204,513	12,222,783	11,046,193	12,868,261
Daily Occupancy Rate (%)	89%	92%	81%	82%

Conventions, Arts and Entertainment Department

Core Service: Convention Facilities

City Service Area: *Economic and Neighborhood Development*

Performance and Resource Overview (Cont'd.)

Convention Facilities Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 7,187,444	\$ 6,609,477	N/A
Non-Personal/Equipment	N/A	N/A	5,474,534	5,613,284	N/A
Total	\$ -	-	\$ 12,661,978	\$ 12,222,761	N/A
Authorized Positions	-	-	102.74	102.74	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)
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STRONG ECONOMIC BASE

1. Convention Center Electrical Services Revenue Program (577,967)

This action temporarily reduces personal services funding for 8.5 vacant positions in the Convention Center Electrical Services Revenue Program. These positions (3.0 Staff Specialists, 2.0 Electricians, 1.0 Building Maintenance Superintendent, 1.0 Facility Sound & Light Technician, 1.0 Air Conditioning Mechanic, and 0.5 Custodian PT) will be defunded and frozen until Convention Center revenues and occupancy recover from the economic recession. The 5.0 positions related to electrical services and the 3.5 positions related to improved service response time will create a net reduction of \$577,967. (Ongoing savings: \$0)

Performance Results:

Quality No change to current service levels.

Conventions, Arts and Entertainment Department

Core Service: Convention Facilities

City Service Area: *Economic and Neighborhood Development*

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)
STRONG ECONOMIC BASE		
2. Rebudget: Lighting Equipment Replacement		138,750
This rebudget will allow the Department to complete the Lighting Equipment Replacement project. (Ongoing cost: \$0)		
Performance Results: N/A (Final Budget Modification)		
2002-2003 Adopted Core Service Changes Total	0.00	(439,217)

Conventions, Arts and Entertainment Department

Core Service: Arts and Cultural Development

City Service Area: Recreation & Cultural Services

Core Service Purpose

To develop and manage resources that support and build diverse cultural organizations and the arts.

Key Operational Services:

- | | |
|--|--|
| <input type="checkbox"/> Arts Grants | <input type="checkbox"/> Arts Education |
| <input type="checkbox"/> Community Arts Development | <input type="checkbox"/> Arts Planning and Development |
| <input type="checkbox"/> Public Art | <input type="checkbox"/> Cultural Facilities Management |

Performance and Resource Overview

The Arts and Cultural Development core service supports Outcome 4 of the Recreation and Cultural Services City Service Area: *Diverse Range of Arts and Cultural Offerings*. Support of the arts includes: grant funding and technical assistance to a diverse range of arts and cultural organizations; facilitation of lifelong arts education opportunities for San Jose residents; cultural facility planning and oversight; and a public art program to enhance public/private spaces throughout the City.

Arts Grants, funded by Transient Occupancy Tax revenues, provide general operating support for San Jose's larger arts organizations, and program support for many smaller organizations. In the economic downturn, Arts Grants funding has declined. Arts organizations' earned income and other non-City revenues have also suffered, and performance targets reflect that economic reality. In the face of reduced resources, a new Challenge Grant initiative will encourage development of non-City funding for the arts, through matching grant opportunities.

One anomaly in the 2000-2001 performance data, a 36% drop in attendance at arts events compared to the prior year, appears due in large part to incomplete reporting of attendance by arts grantees. However, the 2001-2002 estimated 8% attendance drop reflects the economic downturn and the suspension of Symphony operations during much of the fiscal year.

Other key programs in this core service will continue: 1) the Arts Development Center, a nationally recognized arts incubator that provides office space, equipment and technical assistance to small emerging arts groups, will operate at capacity (89% of incubated groups are operationally viable 5 years after graduation); and 2) the Arts Education Program will provide cultural experiences for thousands of San Jose youth. Although performance data indicates that the number of students served by City-supported arts education programs has decreased, this is due to the spin-off of Cultural Initiatives Silicon Valley from City funding as of 2001-2002.

Conventions, Arts and Entertainment Department

Core Service: Arts and Cultural Development

City Service Area: Recreation & Cultural Services

Performance and Resource Overview (Cont'd.)

The Arts Grants, Arts Incubation and Arts Education Programs are currently undergoing program evaluation. The outcomes of the comprehensive assessment will determine whether or not the programs need to be redesigned to better meet the contemporary needs of the arts and cultural community, San Jose residents and visitors, and to maximize leverage of City resources.

Cultural facility oversight includes City-operated venues (Center for the Performing Arts, Montgomery Theater) and non-profit-operated venues (Tech Museum, Children's Discovery Museum, San Jose Repertory Theatre, San Jose Museum of Art, Mexican Heritage Plaza, History Park and Peralta Adobe/Fallon House). A new cultural planning partnership between this core service and the San Jose Redevelopment Agency (SJRDA) will facilitate arts/cultural planning in relation to the Strong Neighborhoods Initiative and the Downtown Strategy Plan. Key challenges include the shortage of mid-range size (1,000 - 1,500 seat) performance venues and deferred facility maintenance.

The Public Art Program oversees the installation of integrated artworks in new City and SJRDA capital projects. The number of Public Art projects is expected to grow a minimum of 20% over the next two years due to capital projects such as the City/San Jose State Joint Library, Downtown Civic Center and Airport expansion. Additionally, work on parks, branch libraries, fire stations and police facilities resulting from bond measures will result in new public art works. An updated count of the City's public art collection shows 72 pieces of artwork. Since maintenance and conservation of the collection has been minimal, a conservation plan will be developed from existing resources in 2002-2003.

Performance Measure Development

One performance measure has been changed to reflect how well arts organizations leverage City funding. Previously, only their contributed income was measured, earned income will now be included.













Two performance measures are being replaced with a city-wide resident assessment of the City's success in supporting high-quality arts and cultural events. The old measures were limited to audience surveys at selected performances.

Conventions, Arts and Entertainment Department

Core Service: Arts and Cultural Development

City Service Area: Recreation & Cultural Services

Performance and Resource Overview (Cont'd.)

Arts and Cultural Development Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 % of San Jose students (grades K-12) participating in funded programs	44%	25%	25%	25%
 % of incubated programs in operation and viable 5 years later	89%	90%	89%	90%
 % of public art pieces that are in good to excellent condition based on their physical and operational condition	-	-	85%	95%
 % change in attendance at funded programs compared to prior years	(36%)	9.5%	(8.0%)	9.0%
 Occupancy rate of City owned facilities	83%	-	74%	80%
 % of facilities' infrastructure and technical systems rated good to excellent based on availability, suitability, and condition	45%	-	50%	50%
 Grant expenditure per attendee	\$2.50	\$1.45	\$3.60	\$2.66
 Ratio of City grant funding to all other revenue sources (all grantees)	\$1: \$17	\$1: \$9	\$1: \$11	\$1: \$14
 % of funded cultural organizations rating funding process good to excellent based on responsiveness, timeliness, integrity	-	-	50%	60%
 % of residents rating City efforts at supporting high quality arts and cultural events as good or excellent	51%	-	51%	51%
 % of audience rating service good to excellent based on satisfaction with facilities and services provided	-	-	-	TBD*
 % of facility users rating services good to excellent based on satisfaction with facilities and services provided	-	-	67%	75%

* New questions will be developed and incorporated into existing survey to provide baseline data for this measure

Conventions, Arts and Entertainment Department

Core Service: Arts and Cultural Development

City Service Area: Recreation & Cultural Services

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
# of students served by arts education	42,522	40,000	31,500	31,000
# of arts grants awards and monitored grant expenditures	91	95	77	76
Grant expenditures	\$ 3,498,451	\$ 4,000,000	\$ 4,216,612	\$ 3,705,405
# of City funded cultural organizations	72	75	66	59
Attendance at Grantee Programs	1,195,864	-	1,100,000	1,200,000
% of ethnic groups represented in grants program	46%	50%	43%	40%
# of Public Art Works in collection	72	64	76	86
# of seats filled at all City-operated theaters	453,521	-	425,000	450,000
# of seats at all City-operated theaters	653,840	-	606,193	640,000

Arts and Cultural Development Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 2,535,001	\$ 2,462,969	N/A
Non-Personal/Equipment	N/A	N/A	1,718,883	1,728,181	N/A
Total	\$ -	-	\$ 4,253,884	\$ 4,191,150	N/A
Authorized Positions	-	-	30.82	29.82	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Conventions, Arts and Entertainment Department

Core Service: Arts and Cultural Development

City Service Area: Recreation & Cultural Services

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)
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DIVERSE RANGE OF ARTS AND CULTURAL OFFERINGS

- | | | |
|--|--------|----------|
| 1. MultiCultural Arts Development Resources Reallocation | (1.00) | (85,354) |
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This reduction eliminates a vacant Art Program Coordinator. This position primarily coordinates cultural related non-public art, and most of the functions of this position will be re-deployed to a non-profit partner, the Arts Development Center, and be partially funded by a California Art Council Art Grant. (Ongoing saving: \$85,354)

Performance Results:

Customer Satisfaction The percentage of incubated programs in operation and viable after 5 years is not anticipated to be affected as the functions of this position were re-deployed to a non-profit partner.

- | | | |
|---------------------------------------|--|--------|
| 2. Rebudget: Miscellaneous Art Grants | | 22,620 |
|---------------------------------------|--|--------|

The rebudget of these unexpended 2001-2002 grant funds will allow the Office of Cultural Affairs to help support the San Jose Arts Incubator Program and provide technical assistance grants to San Jose Arts organizations and to complete various grants and art obligations. (Ongoing cost: \$0)

Performance Results: N/A (Final Budget Modification)

2002-2003 Adopted Core Service Changes Total	(1.00)	(62,734)
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Conventions, Arts and Entertainment Department

Core Service: Outdoor Special Events

City Service Area: Recreation & Cultural Services

Core Service Purpose

To coordinate support and produce outdoor special events on public and private property.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Coordination and Support for Special Events | <input type="checkbox"/> Event Organizers' Technical Assistance |
| <input type="checkbox"/> Special Events Development and Production | <input type="checkbox"/> Development/Enforcement of Event Guidelines |
| <input type="checkbox"/> Grant Support | |

Performance and Resource Overview

The Outdoor Special Events core service supports the Recreation and Cultural Services City Service Area outcome: *Diverse Range of Arts and Cultural Offerings*. This core service oversees special event planning; coordinates all City services that support events; authorizes special events on public and private property throughout the City; develops policy, regulations and ordinances related to special events; and is a key participant in planning new or improved outdoor event venues.

This core service designs and produces special City events (e.g., Noon Year's Family Carnival, Sesquicentennial, 2002 Olympic Torch Run), and participates in special projects such as the *Reunite/Reconnect with San Jose* campaign, the 2005 Renaissance Summer, and the cultural component of the 2012 Bay Area Olympics bid.

The key challenge for this core service is the number, size and complexity of events (which have steadily grown over the last 10 years) and how to incorporate events into the community while maintaining normal business activity and neighborhood integrity. Performance data indicates that the challenge has been met - 85-90% of event attendees and neighbors rate event quality, safety and planning as good to excellent.

In 2002-2003, this core service is distributing a Special Events Guidebook to help neighborhoods develop special events at the grass roots level. The goal is to help design family-oriented, low cost, educational and entertaining events; to build neighborhood identity and cohesiveness; and to promote unique business districts.

Finally, this core service manages an annual competitive grant program to support festivals, parades and celebrations that contribute to the economic development, cultural enrichment and promotion of the City of San Jose.

Conventions, Arts and Entertainment Department

Core Service: Outdoor Special Events

City Service Area: Recreation & Cultural Services

Performance and Resource Overview (Cont'd.)

Performance Measure Development









The ratio of City grant funding vs. outside funding has been modified to reflect how well event grantees leverage City funding. With the new measure, the 2001-2002 target would be 1 to 10 instead of the 1 to 3.6 ratio in the old measure. Previously, only their contributed income was measured; now earned income will be included.

Conventions, Arts and Entertainment Department

Core Service: Outdoor Special Events

City Service Area: Recreation & Cultural Services

Performance and Resource Overview (Cont'd.)

Outdoor Special Events Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 % events rated by city departments good to excellent based on planning	44%	45%	50%	55%
 Ratio of City grant funding vs outside * funding	\$1 : \$15.57	\$1 : \$3.60	\$1 : \$8	\$1 : \$11
 Net cost of City services per 1000 event attendees	-	\$6.33	\$6.42	\$6.33
 % of events billed within 30 days of cost determination	62%	70%	64%	67%
 % event organizers rating city services and facilities good to excellent based on safety and planning	100%	92%	95%	98%
 % event attendees rating events good to excellent based on quality, safety and accessibility	82%	55%	84%	86%
 % residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	45%	55%	47%	50%
 % neighbors rating event coordination good to excellent based on safety and planning	88%	-	88%	90%

* See Performance Measure Development for details

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
# of events held on public and private property	248	185	300	310
# of event attendees	1,496,185	2,030,000	2,500,000	2,600,000
Grant Funding for special events	\$ 331,981	\$ 559,215	\$ 540,636	\$ 462,796
Cost of City services (for special events)	\$ 512,978	\$ 650,000	\$ 550,000	\$ 555,000
# of non-profit sponsored events	138	148	234	240
Recovered cost	\$ 456,695	\$ 637,000	\$ 500,000	\$ 529,000

Conventions, Arts and Entertainment Department

Core Service: Outdoor Special Events City Service Area: Recreation & Cultural Services

Performance and Resource Overview (Cont'd.)

	2000-2001	2001-2002	2002-2003	2002-2003	%
Outdoor Special Events	Actual	Adopted	Forecast	Adopted	Change
Resource Summary	1	2	3	4	(2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 455,867	\$ 455,867	N/A
Non-Personal/Equipment	N/A	N/A	277,440	277,440	N/A
Total	\$ -	-	\$ 733,307	\$ 733,307	N/A
Authorized Positions	-	-	5.00	5.00	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)
NONE		

Conventions, Arts and Entertainment Department

Strategic Support

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within Conventions, Arts & Entertainment includes:

- | | |
|--|---|
| <input type="checkbox"/> Fiscal Services | <input type="checkbox"/> Employee Services |
| <input type="checkbox"/> Capital Facilities Development | <input type="checkbox"/> Information Systems |
| <input type="checkbox"/> Marketing | |

Performance and Resource Overview

Strategic support is an ongoing requirement to provide the core services of the Department. No changes were approved for 2002-2003

Strategic Support Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Strategic Support Budget*					
Personal Services	N/A	N/A	\$ 1,077,440	\$ 1,077,440	N/A
Non-Personal/Equipment	N/A	N/A	1,771,289	1,771,289	N/A
Total	\$ -	-	\$ 2,848,729	\$ 2,848,729	N/A
Authorized Positions			12.00	12.00	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

City Manager - Office of Economic Development

Paul Krutko, Director

M I S S I O N

Foster business growth, job creation, and a strong revenue base to meet the needs of our diverse community

Core Services

Business/Job Attraction, Expansion and Creation

Promote business by providing assistance, information, access to services, and development permit facilitation

Workforce Development

Assist businesses in hiring a quality workforce through assessment, supportive services, and employability skills training

Strategic Support: Administrative Support

City Manager Department – Office of Economic Development

Budget Summary

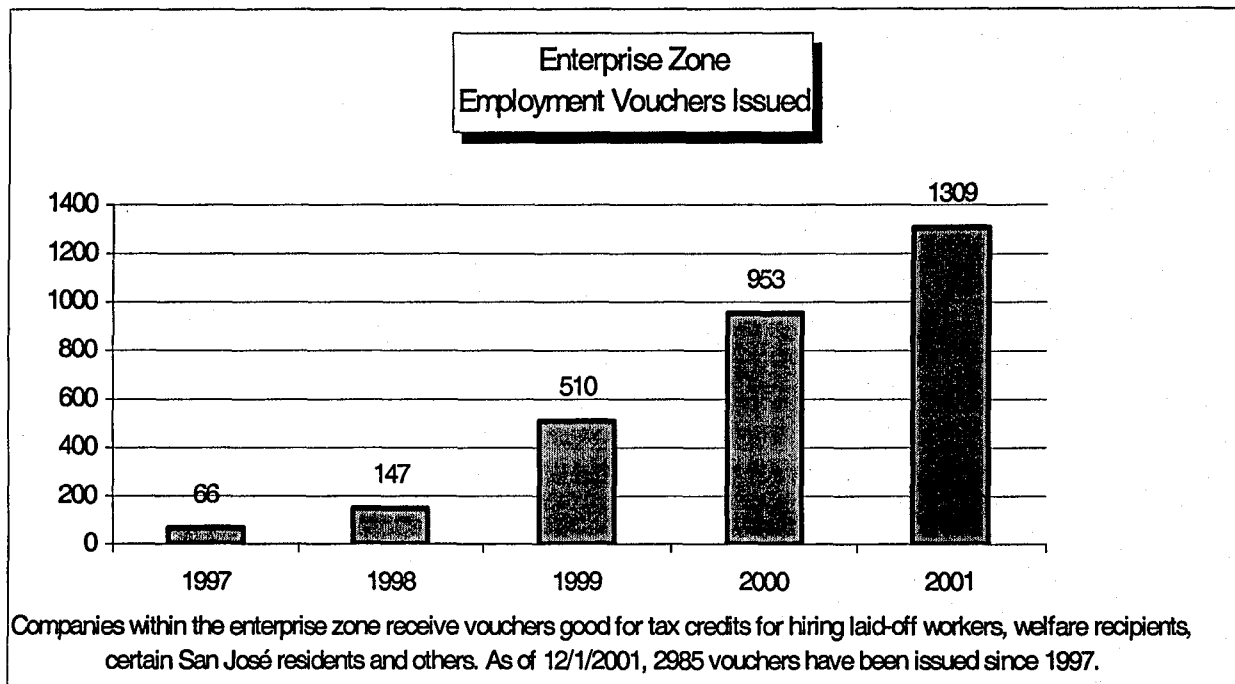
	2001-2002 Adopted	2002-2003 Adopted	Change
Authorized Positions	35.00	49.00	40.0%
Department Budget (All Funds)	\$ 3,896,046	\$ 5,033,963	29.2%

Budget Highlights 2002-2003

- ☐ Enhance loan program services to provide better access to capital and improve technical assistance to San Jose small businesses.
- ☐ Augment business outreach efforts to retain and expand local companies.
- ☐ Increase efforts to link small businesses within Strong Neighborhoods Initiative areas with available economic development.
- ☐ Funding for 13 new positions for the Workforce Development Program to implement services at three One-Stop Service Delivery Centers as part of the Bay Area Regional partnership to offer re-employment and training services to laid-off high-tech workers and to provide career advancement training for incumbent healthcare workers.

Budget Byte

Tax Credits Provided to San Jose Businesses for Hiring Individuals with Employment Barriers



City Manager – Office of Economic Development

Department Overview

The Office of Economic Development (OED) formulates and implements strategies and programs in order to foster business growth, job creation, and a strong revenue base to meet the needs of San Jose's diverse community. These programs fall into two complementary core service areas: Business/Job Attraction, Retention, Expansion and Creation; and Workforce Development. Both core services align to the outcome *Strong Economic Base* of the Economic and Neighborhood Development City Service Area.

Business/Job Attraction, Retention, Expansion and Creation

OED works through a variety of avenues to encourage the private investment necessary for a strong economy with sufficient jobs to satisfy the community's needs, as well as provide ample revenue base for the local government.

OED is working to ensure that San Jose retains the title "Capital of Silicon Valley" through programs aimed at retaining and expanding the internationally acclaimed businesses located here. OED's efforts include outreach to other departments to make sure that all City departments understand the changing needs of businesses, continued promotion of customer service, as well as ongoing programs to keep business costs as low as possible.

Today's small businesses are tomorrow's large businesses. OED helps encourage the creation and growth of new businesses through direct programs as well as those provided by partners ranging from small business chambers of commerce and the San Jose / Silicon Valley Chamber of Commerce to the US Small Business Administration and the State of California. Services offered include loans, training classes, business incubators and many more.

Business attraction is another method used by the Office of Economic Development to increase the number and diversity of local employers. While many businesses will consider relocating to the area as a result of the informational packets that detail the advantages of locating in San Jose, some require additional encouragement. Incentives - such as the hiring credit voucher provided for hiring individuals who face employment barriers - not only assist companies by providing tax credits but also serve the community.

Workforce Development

Making sure that the local workforce has the resources, skills and training to match the needs of businesses seeking qualified employees is the second core service of the Office of Economic Development. These efforts are accomplished through the use of Federal and State funds and a group of partner organizations which form the Silicon Valley Workforce Investment Network (SVWIN).

The One-Stop Service Delivery Centers (one-stops) have been established in SVWIN's service area of south Santa Clara County. Each one-stop has a resource library to help clients as well as training rooms and counselors for those needing additional assistance. Businesses are also invited to conduct seminars and interviews onsite. SVWIN is developing a "mobile one-stop" which will allow the City to bring services out to the community.

SVWIN also provides services that can assist businesses avoid downsizing. In cases where job reductions are inevitable, the program works as an outplacement firm, advising employees about their options, helping them with their jobs search. Often those laid off due to downsizing are eligible for special

City Manager – Office of Economic Development

Department Overview

Workforce Development (Cont'd.)

retraining programs. The Workforce Development Program was approved to add

13 new positions in 2002-2003 to respond to the increased demand for client services.

City Manager – Office of Economic Development

Department Budget Summary

	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Business/Job Attraction Retention, Expansion and Creation	N/A	N/A	\$ 1,637,534	\$ 1,787,534	N/A
Workforce Development	N/A	N/A	1,693,807	2,673,368	N/A
Strategic Support	N/A	N/A	573,061	573,061	N/A
Total	\$ -	\$ -	\$ 3,904,402	\$ 5,033,963	N/A
Dollars by Program					
Economic Development	\$ 1,758,519	\$ 2,355,813	N/A	N/A	N/A
Workforce Development	648,114	1,540,233	N/A	N/A	N/A
Total	\$ 2,406,633	\$ 3,896,046	\$ -	\$ -	N/A
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 1,727,851	\$ 2,830,589	\$ 3,072,273	\$ 4,161,834	47.0%
Subtotal	\$ 1,727,851	\$ 2,830,589	\$ 3,072,273	\$ 4,161,834	47.0%
Non-Personal/Equipment	678,782	1,065,457	832,129	872,129	(18.1%)
Total	\$ 2,406,633	\$ 3,896,046	\$ 3,904,402	\$ 5,033,963	29.2%
Dollars by Fund					
General Fund	\$ 1,758,519	\$ 2,355,813	\$ 2,172,094	\$ 2,042,718	(13.3%)
Development Enhancement	-	-	-	110,000	N/A
Workforce Investment Act	648,114	1,540,233	1,732,308	2,881,245	87.1%
Total	\$ 2,406,633	\$ 3,896,046	\$ 3,904,402	\$ 5,033,963	29.2%
Authorized Positions	27.00	35.00	35.00	49.00	40.0%

Note: The City of San Jose is in the final year of a three year transition to a Performance-Based Budget. As a main step in the process, all departments and City Council appointees identified their major lines of business or "Core Services" delivered to customers. Departmental budget sections are now presented by Core Services, rather than Programs, with performance measures and adopted budget changes detailed. For fiscal year 2002-2003 (as part of the budget transition), Program information is now only available for the display of 2000-2001 Actual and 2001-2002 Adopted Budget data.

City Manager - Office of Economic Development

Budget Reconciliation

(2001-2002 Adopted to 2002-2003 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2001-2002):	35.00	3,896,046	2,355,813
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Rebudget: Enterprise Zone Extension		(50,000)	(50,000)
● Rebudget: Website Modifications		(40,000)	(40,000)
● Rebudget: Business Attraction and Retention		(50,000)	(50,000)
● Rebudget: Baytrade		(91,870)	(91,870)
● Revolving Loan Fund Administration		(5,000)	(5,000)
One-time Prior Year Expenditures Subtotal:	0.00	(236,870)	(236,870)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes		241,684	49,609
● Increases for rent-land/building		3,642	3,642
● Changes in vehicle maintenance and operations costs		(100)	(100)
Technical Adjustments Subtotal:	0.00	245,226	53,151
2002-2003 Forecast Base Budget:	35.00	3,904,402	2,172,094
Investment/Budget Proposals Approved			
Business/Job Attraction, Retention, Expansion and Creation			
● Reclassification of Development Enhancement Special Fund Administrator	1.00	110,000	0
● Workforce Investment Act Funding Shift for Support Staff		0	(169,376)
● Rebudget: Enterprise Zone Website Development		40,000	40,000
Business/Job Attract., Reten., Expan. and Creat. Subtotal:	1.00	150,000	(129,376)
Workforce Development			
● Workforce Development Program Staff	13.00	979,561	0
Workforce Development Subtotal:	13.00	979,561	0
Total Investment/Budget Proposals Approved	14.00	1,129,561	(129,376)
2002-2003 Adopted Budget Total	49.00	5,033,963	2,042,718

City Manager – Office of Economic Development

Core Service: Business/Job Attraction, Retention, Expansion and Creation
City Service Area: Economic & Neighborhood Development

Core Service Purpose

Promote business by providing assistance, information, access to services, and development permit facilitation.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> International Programs | <input type="checkbox"/> Retail Attraction and Retention |
| <input type="checkbox"/> San Jose Enterprise Zone | <input type="checkbox"/> Permitting Assistance/Facilitation |
| <input type="checkbox"/> San Jose First Employment Program | <input type="checkbox"/> Business Attraction, Retention and Expansion |
| <input type="checkbox"/> Small Business and Loan Program | |
| <input type="checkbox"/> Corporate Outreach | |

Performance and Resource Overview

The Office of Economic Development (OED) manages a comprehensive program designed to strengthen the economy of San Jose. Specific goals include increasing resources for businesses, expanding the City's tax base and increasing corporate locations in San Jose. The Office is responsible for providing and leveraging services for small businesses and for assisting in the retention, expansion and attraction of business. Specific targets encompass a range of diverse businesses including corporations, retailers, industrial suppliers/services and manufacturers. Highlights of the Office's programs are listed below.

Business Attraction, Retention and Expansion/Corporate Outreach

Businesses looking to locate or expand in the City often contact the City through the Office of Economic Development. This, combined with the Office's own outreach efforts, allows OED staff to work with other City departments to make the expansion or development process as smooth as possible for the company. The response typically requires researching potential sites, providing information or coordinating and facilitating meetings. The entire staff at OED strives to provide excellent customer service, and it is reflected in the fact that 92% of requests for assistance are responded to within one day.

In 2001-2002, an estimated 2,900 jobs will be created or retained by assisted companies and \$1.8 million in additional tax revenues will be generated by OED actions to promote or assist businesses. Though falling short of departmental targets, these numbers compare favorably given the state of the economy.

Small Business and Loan Program

Mayor Gonzales identified improved delivery of the City's lending programs to small businesses as one initiative under his Ten Point Economic Plan. Two loan programs administered by OED are

City Manager – Office of Economic Development

Core Service: Business/Job Attraction, Retention, Expansion and Creation
City Service Area: Economic & Neighborhood Development

Performance and Resource Overview (Cont'd.)

Small Business and Loan Program (Cont'd.)

the Revolving Loan Fund (RLF) and the Development Enhancement Special Fund (DESF). The RLF provides funds to small businesses in the amount of \$10,000 to \$40,000 for working capital, equipment and other purposes. The DESF provides loans to businesses in the amount of \$50,000 to \$350,000 for business expansion, equipment and working capital. These programs provide loans to those businesses that have sound business practices but due to being a startup or past credit history are unable to obtain private-sector funding.

In 2001-2002, approximately \$1,350,000 in funds will be provided to small businesses, slightly exceeding last year's \$1.3 million lent from both the DESF and RLF programs. Although the amount of funds lent is similar to last year, there was an increased number of loans issued. This is due to a current preference for small loans as dictated by the slowed economy. Approximately \$400,000 has been lent through the RLF representing a significant increase in performance from the prior year. The total amount of loans given also increased as more businesses took out smaller loans issued. The large increase in the RLF is the result of expanded marketing of the program, a tightening of the commercial lending market and the cyclical nature of the economy. In addition, some loans approved last year were funded in the beginning of this fiscal year. Next year's target amount is \$1 million which reflects the expectation that the need for City loans will continue as the economy recovers.

San Jose Enterprise Zone/First Employment Program

Increased use of the Enterprise Zone program was also an initiative included in Mayor Gonzales' Ten Point Economic Plan. Businesses within the 18 square-mile Enterprise Zone (EZ) in central San Jose are automatically eligible for state tax credits and incentives. In response to a City application, the duration of the San Jose Enterprise Zone was extended for an additional five years to December of 2006. In addition to hiring tax credits, benefits of locating in the EZ include: sales tax credits on the purchase of manufacturing and communications equipment; accelerated depreciation; net operating loss carryover as well as a net interest deduction for lenders.

Through the increased outreach and marketing efforts of the Office of Economic Development and partners like the San Jose Silicon Valley Chamber, over 1,400 employment vouchers will be issued to businesses within the enterprise zone during 2001-2002. This represents a 100% increase over the approximately 700 vouchers issued last fiscal year, which had been the largest number granted in the EZ to date. The San Jose First Employment Program (SJFEP) has been instrumental in improvements to the number of vouchers. SJFEP is a jobs-brokering program, matching businesses seeking employees with qualified workers many of whom entitle EZ businesses to receive tax credits. Vouchers allow companies to receive hiring tax credits for removing employment barriers of certain program-qualified residents worth as much as \$31,000 over a five-year period.

City Manager – Office of Economic Development

Core Service: Business/Job Attraction, Retention, Expansion and Creation

City Service Area: Economic & Neighborhood Development

Performance and Resource Overview (Cont'd.)

International Programs

International business activity continues to be strong with OED hosting or facilitating over 56 delegations representing eight nations. Foreign delegations are often exploring the possibility of establishing a business in the region and hosting them is an effective way to make sure they choose San Jose as their final location. This year's meetings included groups from Korea, China, Japan, Netherlands, Germany, and Ireland as well as a multi-national delegation from Europe.

Retail Attraction and Retention

The Office of Economic Development also works to encourage retail development to increase the products and services available to residents as well as increase local sales tax to help pay for public services. For instance, Valley Fair, Santana Row, and Oakridge Mall are all undergoing improvements facilitated by OED. Other significant retailers are opening or pursuing new sites in San Jose including: Home Depot, Best Buy and Home Expo. Additionally, several auto dealerships are expanding such as Stevens Creek Honda, Toyota Stevens Creek, Anderson/Behel Porsche Audi and Volkswagen Stevens Creek, Courtesy Chevrolet, and the Smythe European Mercedes-Benz Center.

Performance Measure Development







The operational performance measure previously shown for "Number of jobs created or retained by assisted Internet companies" is deleted because funding originally allocated for this purpose was reallocated in response to changing economic conditions in the Internet industry.

City Manager – Office of Economic Development

Core Service: Business/Job Attraction, Retention, Expansion and Creation

City Service Area: Economic & Neighborhood Development

Performance and Resource Overview (Cont'd.)

Business/Job Attraction, Retention, Expansion and Creation Performance Summary		2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 Number of jobs created or retained by assisted companies		2,000	3,000	2,900	3,000
 Number of jobs created or retained by chambers of commerce assisted companies (Operational Measure)		267	300	280	300
 Percent increase in dollars lent through the Revolving Loan Program (RLF) (Operational Measure)		5%	10%	157%	10%
 Ratio of tax revenues generated by assisted companies per OED expenditure		23:1	20:1	22:1	20:1
 Percentage of requests for assistance responded to within one work day		93%	90%	92%	90%
 Percentage of customers rating quality of assistance provided as good or excellent		100%	95%	91%	95%

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Tax revenues generated by OED actions	\$3 mil	\$2 mil	\$1.8 mil	\$3 mil
\$ made available to San Jose businesses	\$1.3 mil	\$1 mil	\$1.35 mil	\$1 mil
# of companies receiving permitting assistance	30	70	58	70
# of delegations/groups hosted/facilitated	52	60	56	60
# of job placements resulting from SJ First Empl. Prog. & Enterprise Zone vouchers	718	200	1,425	900

City Manager – Office of Economic Development

Core Service: Business/Job Attraction, Retention, Expansion and Creation

City Service Area: Economic & Neighborhood Development

Performance and Resource Overview (Cont'd.)

Business/Job Attraction, Retention, Expansion and Creation Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 1,022,855	\$ 1,132,855	N/A
Non-Personal/Equipment	N/A	N/A	614,679	654,679	N/A
Total	\$ -	-	\$ 1,637,534	\$ 1,787,534	N/A
 Authorized Positions	 -	 -	 10.25	 11.25	 N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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STRONG ECONOMIC BASE

1. Reclassification of the Development Enhancement Special Fund Administrator	1.00	110,000	0
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This action reclassifies the Development Enhancement Special Fund (DESF) Administrator position from a temporary, unclassified employee to a full time, permanent Economic Development Officer position. This position is responsible for both preserving the City's interests and providing excellent counseling on behalf of DESF clients. With the business community struggling with a slow economic recovery, the DESF has become an important tool to help small businesses survive and grow. There is no overall cost increase involved with this action. Rather, funding is shifted from an existing special appropriation for Contract Loan Administration to this department's Personal Services appropriation. (Ongoing cost: \$111,966)

Performance Results:

Quality No change to current service levels.

City Manager – Office of Economic Development

Core Service: Business/Job Attraction, Retention, Expansion and Creation

City Service Area: Economic & Neighborhood Development

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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STRONG ECONOMIC BASE (CONT'D.)

2. Workforce Investment Act Funding Shift for Support Staff 0 (169,376)

There are overhead and program costs that in the past have been paid by the City of San Jose but directly benefit the Workforce Investment Act (WIA) program. These include supervisory and support staff salaries and salary expenses related to the enterprise zone hiring vouchers and the San Jose First Employment Program (SJFEP). This action will allocate 30% of the Director's salary, 10% of the Assistant Director's salary and 20% of the salary of the Administrative Assistant to compensate for their time spent on the WIA program. Because the enterprise zone hiring vouchers provide a direct benefit to WIA clients and the SJFEP complements the Workforce Development Program, approximately 50% of the Senior Office Specialist's salary and 30% of salary of the Program Manager was approved to be directly charged to WIA. This will result in a net savings to the General Fund of \$169,376. (Ongoing Savings: \$0)

Performance Results:

Quality No change to current service levels.

3. Rebudget: Enterprise Zone Website Development 40,000 40,000

This action rebudgets unexpended 2001-2002 funds to allow the Department to complete the Enterprise Zone Website development. (Ongoing cost: \$0)

Performance Results: N/A (Final Budget Modification)

2002-2003 Adopted Core Service Changes Total	1.00	150,000	(129,376)
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City Manager – Office of Economic Development

Core Service: Workforce Development

City Service Area: Economic & Neighborhood Development

Core Service Purpose

Assist businesses in hiring a quality workforce through assessment, supportive services, and employability skills training.

Key Operational Services:

- | | |
|--|---|
| <input type="checkbox"/> Customized, professional career services | <input type="checkbox"/> Career transition management |
| <input type="checkbox"/> Workforce Reduction Assistance | <input type="checkbox"/> Employee attraction, training, and retention services |
| <input type="checkbox"/> Pre-paid outplacement services | |

Performance and Resource Overview

Since July 1, 2000, the City of San Jose has acted as administrative and fiscal agent for the Silicon Valley Workforce Investment Network (SVWIN). The SVWIN provides Workforce Investment Act (WIA) programs across an eight-city service area: San Jose, Campbell, Gilroy, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill and Saratoga. WIA's employment development services align with and contribute to the *Strong Economic Base* Outcome of the Economic and Neighborhood Development City Service Area.

The Mayor acts as the Chief Local Elected Official (CLEO) for SVWIN. The City, through the Office of Economic Development, provides staff to SVWIN and is reimbursed for personnel costs from federal funds the City receives. The SVWIN Board (WIB) has authority to determine policy within the San Jose-Silicon Valley Workforce Investment Area. The City of San Jose, in its capacity as fiscal agent, reviews funding decisions to determine if Department of Labor procurement guidelines have been followed by the WIB and enters into contracts on behalf of the WIA. Funding for WIA comes from two sources; (1) regularly allocated funding streams and (2) grants that are applied for on a competitive basis. The main programs administered by the City of San Jose include three regularly allocated funding streams: Adult, Dislocated Worker, and Youth. In addition to WIA administrative staff supplied by the City of San Jose, three contractors manage programs for each of these main funding streams. Foothill/De Anza College District was awarded the WIA Adult contract. San Jose Evergreen College District was awarded the WIA Dislocated Worker contract; the City of San Jose, Department of Parks, Recreation and Neighborhood Services was awarded the WIA Youth Contract. Competitive grants include funding for displaced workers from Del Monte and Mariani Foods, the Caregiver Training Initiative Grant, and the Regional Technology Employment Consortium (RE-TEC) Grant.

Business Recruitment Assistance

The "number one" issue listed by local businesses as a hindrance to their growth is the identification of a qualified workforce. WIA services are designed to assist local employers in their recruitment of

City Manager – Office of Economic Development

Core Service: Workforce Development
City Service Area: Economic & Neighborhood Development

Performance and Resource Overview (Cont'd.)

Business Recruitment Assistance (Cont'd.)

qualified applicants. Prospective interviewees are screened by WIA staff according to employer-based criteria.

Employment Support Services

The intent of WIA is to provide clients with a broad range of support services that place them in jobs. WIA clients go through a 10 to 12-step process that includes services from recruitment to training to job search assistance and ultimately job placement. Clients exit WIA services upon placement into unsubsidized employment. For 2001-2002, this program is estimated to meet or exceed all of its annual performance targets.

In accordance with the vision of the Workforce Investment Act, three One-Stop Delivery Centers (one-stops) have been opened in three different cities of the eight-city service area. These one-stops centers are located in Campbell, Gilroy and San Jose. The San Jose One-Stop recently opened at the intersection of King and Story Roads. Its creation was one of Mayor Ron Gonzales's primary directives to the SVWIN Board.

Regional Technology Employment Consortium (RETEC)

In response to recent layoffs in the Greater Bay Area within the technology industry, the Regional Technologies Employment Consortium (RE-TEC) was developed to provide accessible services that address the reemployment and training needs of displaced technology workers and support staff. The RE-TEC collaborative consists of a nine county and partner consortium that includes Santa Clara County, Alameda County, Contra Costa County, Monterey County, San Mateo County, Sonoma County, NOVA, and the Oakland Private Industry Council. The State of California issued the grant to the City of San Jose, acting as administrative and fiscal agent for the larger consortium.

Vocational Classroom Training

As part of the process to place jobseekers and upgrade the skills of workers, the WIA program includes vocational classroom training opportunities. Under the Workforce Investment Act, federal funds are provided for employment assistance and training for eligible youth, low income or disadvantaged adults, and dislocated workers. Training services for adults are contracted out through a competitive process. Clients eligible for training must select a training provider from a list of eligible training providers.

Performance Measure Development

Performance criteria for all Workforce Investment Boards across the United States are mandated by the United States Department of Labor. The performance measure targets reported in this document represent those negotiated with United States Department of Labor for 2001-2002, and targets projected, but not yet negotiated for 2002-2003. Under WIA, the authority to set additional performance measures is granted to the local WIB Board.

City Manager – Office of Economic Development

Core Service: Workforce Development

City Service Area: Economic & Neighborhood Development

Performance and Resource Overview (Cont'd.)

Workforce Development Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
🎯 Adults Entering Employment	65%	66%	68%	70%
🎯 Dislocated Workers Entering Employment	68%	68%	75%	77%
🎯 Youth Entering Employment	57%	55%	73%	73%
🎯 Adults Retaining Employment	71%	74%	75%	74%
🎯 Dislocated Workers Retaining Employment	82%	81%	83%	84%
🎯 Youth Workers Retaining Employment	74%	70%	70%	76%

Workforce Development Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 1,693,807	\$ 2,673,368	N/A
Non-Personal/Equipment	N/A	N/A	-	-	N/A
Total	\$ -	-	\$ 1,693,807	\$ 2,673,368	N/A
Authorized Positions	-	-	20.50	33.50	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

City Manager – Office of Economic Development

Core Service: Workforce Development
City Service Area: Economic & Neighborhood Development

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
STRONG ECONOMIC BASE			
1. Workforce Development Program Staff	13.00	979,561	0
<p>This action adds thirteen positions - two Community Coordinators, one Network Engineer, one Office Specialist, two Senior Office Specialist, one Senior Accountant, one Account Clerk, two Analysts and three Community Service Supervisors to the Workforce Development Grant Project. These positions are critical to addressing increased client needs dictated by recent changes in the economy as well as provide the additional services required under recent grants received from the State of California. This staff addition will also ensure compliance with administrative and reporting requirements of the Workforce Investment Act (WIA). (Ongoing cost: \$998,139)</p>			
Performance Results:			
<p>Quality The new positions will allow the department to staff three "one-stop" service delivery centers to create a stable economic base by offering re-employment opportunities and training services to the unemployed and training efforts to incumbent workers to increase career advancement possibilities and sustainable wages for the workforce. Cycle Time Workforce Development Program staff will be able to provide immediate outreach information to unemployed workers from mass layoffs or plant closings.</p>			
2002-2003 Adopted Core Service Changes Total	13.00	979,561	0

City Manager – Office of Economic Development

Core Service: Workforce Development

City Service Area: Economic & Neighborhood Development

Strategic Support

Strategic Support represents the services provided within departments that support and guide the provision of the core services.

Strategic Support within the Office of Economic Development includes:

☐ **Administrative Support**

Performance and Resource Overview

Strategic support is an ongoing requirement to provide the Core Services of the Department. For 2002-2003, no changes were approved.

Strategic Support Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	N/A	N/A	\$ 355,611	\$ 355,611	N/A
Non-Personal/Equipment	N/A	N/A	217,450	217,450	N/A
Total	\$ -	-	\$ 573,061	\$ 573,061	N/A
Authorized Positions	-	-	4.25	4.25	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

City Manager - Office of Emergency Services

Frances Edwards - Winslow, Director

M I S S I O N

Ensure that the City has emergency plans and is able to respond in the event of an emergency

Core Services

Emergency Preparedness and Planning

Develop and maintain the Emergency Operation Plan, coordinate with federal, state and local mutual aid partners, and train City staff and residents in proper emergency response procedures

Emergency Response and Recovery

Develop and maintain Emergency Operations Center and its systems in coordination with federal and state requirements, and assist departments with the development of their Standard Operating Procedures for emergencies

Strategic Support: Public Education, Financial Management, Clerical Support, Employee/Volunteer Services, Internet Services, National Weather Service, Regulatory Compliance Management

City Manager – Office of Emergency Services

Budget Summary

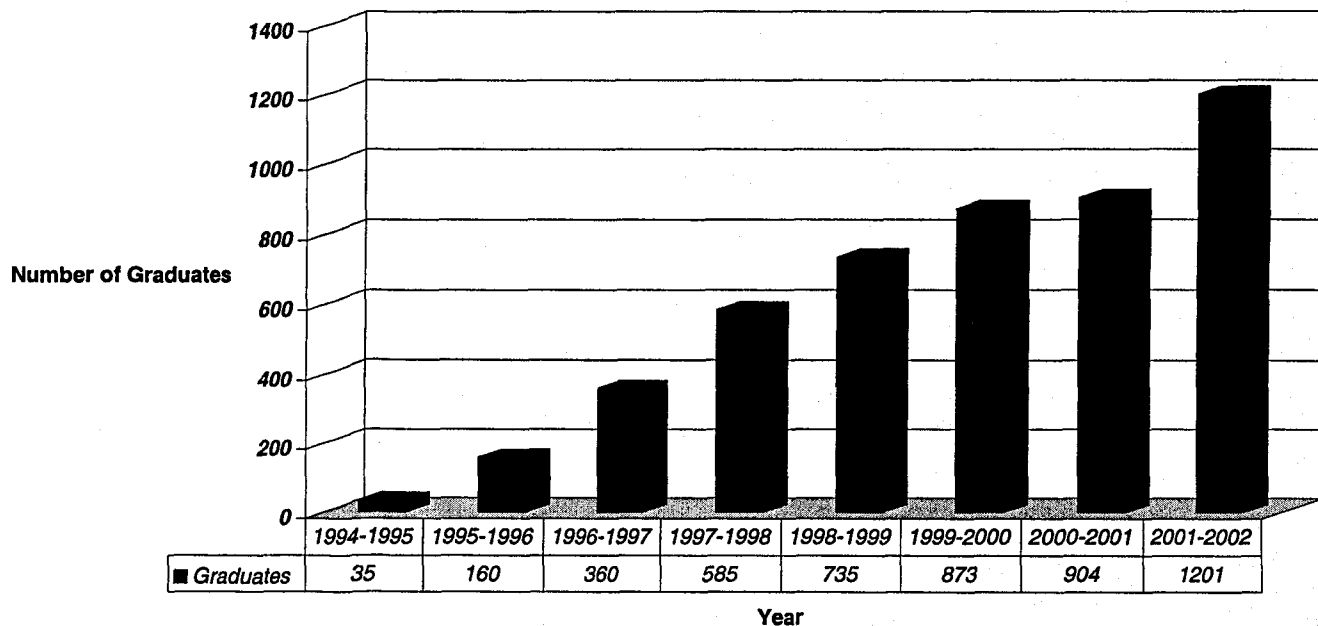
	2001-2002 Adopted	2002-2003 Adopted	Change
Authorized Positions	4.00	4.00	0.0%
Department Budget (All Funds)	\$ 322,770	\$ 347,550	7.7%

Budget Highlights 2002-2003

- ☐ In response to Mayor's Budget Message, plans to add approximately 15 additional neighborhoods to those with San Jose *Prepared!* graduates will be realized in the coming year.

Budget
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San Jose *Prepared!* Community Emergency Response Team Graduates (CERT) (Cumulative)



City Manager – Office of Emergency Services

Department Overview

The Office of Emergency Services (OES) provides services to the City organization and the community to prepare an effective response to natural, technological and human-caused disasters. These services are provided within regulatory guidelines established by the Federal Emergency Management Agency (FEMA) and the State of California Governor's Office of Emergency Services.

The two core services of the Office of Emergency Services contribute to the Public Safety City Service Area (CSA) and to the accomplishment of the outcomes established by the CSA. Since natural, technological and human-caused disasters occur without warning, OES staff encourages mitigation and prevention activities, and assists residents with planning for their response to disaster. These activities should empower the residents to share in the responsibility for their own safety and emergency response. OES staff uses public events and active outreach to help residents become knowledgeable in response, education and prevention services. Survey responses to OES training for City staff members, residents, businesses and volunteer group members indicate that participants are satisfied with the services received. OES staff members strive for continuous improvement in the quality of their services to better meet the needs of City staff and community members.

Some OES services address the CSA outcomes jointly. For example, OES monitors Federal and State legislation with a direct impact on the provision of emergency services to the community. In conjunction with the City Manager's Office of Intergovernmental Relations, OES develops legislative policy and position recommendations for City Council adoption, and monitors the progress of the

legislative or regulatory work to ensure that City concerns are addressed.

Emergency Preparedness and Planning

One of the most visible City supported OES programs is San Jose *Prepared!* This program delivers disaster response and recovery skills training directly to San Jose residents. In order to provide adequate coverage for all of San Jose's residents, the teams need to grow. To recruit new San Jose *Prepared!* members, staff attend public events; contacts civic, religious and community groups; provide earthquake preparedness talks and target local media with relevant and timely emergency preparedness information. The Strong Neighborhoods Initiative (SNI) also offers opportunities for recruiting residents for San Jose *Prepared!* However, even with the events of September 11, 2001, recruitment efforts have required more time and effort for each new team member.

In the Mayor's Budget Message, remaining the safest big city in America was one of the highest priorities. Achieving greater community self-sufficiency in the event of a disaster through a program such as San Jose *Prepared!* will help save lives and reduce injury and damage. In the coming fiscal year, OES is planning for more effective and extensive outreach, public education, and training for residents and neighborhood organizations by requesting the five major English-speaking and two major Spanish-speaking television stations in the Bay Area to air a series of 30 second Public Service Announcements promoting the San Jose *Prepared!* program. In addition, OES staff is actively working with SNI neighborhoods and expects to add approximately 15 neighborhoods to those with

City Manager – Office of Emergency Services

Department Overview (Cont'd.)

San Jose *Prepared!* graduates in the coming year. OES staff members are also working with the Information Technology Department to provide confirmation of on-line San Jose *Prepared!* registration.

Radio Amateurs in Civil Emergency Service (RACES) is a volunteer organization of over 140 members who provide communications support to the Emergency Operations Center activations and the San Jose *Prepared!* Community Emergency Response Teams. These volunteers meet monthly and hold two field exercises per year.

OES is an active participant in the Santa Clara County Emergency Managers Association and the Santa Clara County Emergency Planning Council. FEMA grant funds are allocated to Santa Clara County cities through these organizations.

Emergency Response and Recovery

OES provides disaster planning and recovery assistance to City departments upon request. State-mandated Standardized Emergency Management System (SEMS) classes are delivered to City employees who are part of the emergency response, Emergency Operations Center (EOC) staff, and elected officials. Staff training is another important focus of this core service. OES provides terrorism awareness training to various departments, City staff and elected officials. As part of the staff-training program, OES manages two City staff exercises each year. In October, around the anniversary

of the Loma Prieta earthquake, an evacuation/fire drill is held at the Civic Center complex. City employees in other buildings are encouraged to hold a drill in their workplaces, as well. In April, during California Earthquake Preparedness Month, all City employees participate in the Statewide "Duck and Cover Drill," locally organized and supervised by OES. OES also provides oversight for the maintenance and development of the EOC and alternate EOC.

OES provides organizational leadership for the San Jose Metropolitan Medical Task Force (MMTF), funded by the Federal government. This multi-disciplinary team includes police, fire, emergency services, emergency medical services, public health, and medical examiner/coroner staff members. The Task Force is trained, organized and equipped to care for potential victims of a terrorist event involving weapons of mass destruction (WMD). OES supervises the development of ongoing training and exercises for the participating staff members from the City of San Jose and the County of Santa Clara. OES staff actively seek grants and other funding opportunities to sustain the team and its cache of WMD/Nuclear Biological Chemical response equipment. Staff members and MMTF partners are completing the final phase of the last federal contract. Further sustainment of the MMTF will become a local responsibility and City staff is actively seeking Federal funding for MMTF training and equipment.

City Manager - Office of Emergency Services

Department Budget Summary

	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Emergency Preparedness & Planning	N/A	N/A	\$ 147,334	\$ 147,334	N/A
Emergency Response & Recovery	N/A	N/A	192,632	192,632	N/A
Strategic Support	N/A	N/A	7,584	7,584	N/A
Total	\$ -	\$ -	\$ 347,550	\$ 347,550	N/A
Dollars by Program					
Emergency Services Program	304,502	322,770	N/A	N/A	N/A
Total	\$ 304,502	\$ 322,770	\$ -	\$ -	N/A
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 269,206	\$ 280,050	\$ 302,330	\$ 302,330	8.0%
Overtime	-	-	-	-	0.0%
Subtotal	\$ 269,206	\$ 280,050	\$ 302,330	\$ 302,330	8.0%
Non-Personal/Equipment	35,296	42,720	45,220	45,220	5.9%
Total	\$ 304,502	\$ 322,770	\$ 347,550	\$ 347,550	7.7%
Dollars by Fund					
General Fund	304,502	322,770	347,550	347,550	N/A
Total	\$ 304,502	\$ 322,770	\$ 347,550	\$ 347,550	7.7%
Authorized Positions	4.00	4.00	4.00	4.00	0.0%

Note: The City of San Jose is in the final year of a three year transition to a Performance-Based Budget. As a main step in the process, all departments and City Council appointees identified their major lines of business or "Core Services" delivered to customers. Departmental budget sections are now presented by Core Services, rather than Programs, with performance measures and adopted budget changes detailed. For fiscal year 2002-2003 (as part of the budget transition), Program information is now only available for the display of 2000-2001 Actual and 2001-2002 Adopted Budget data.

City Manager - Office of Emergency Services

Budget Reconciliation

(2001-2002 Adopted to 2002-2003 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2001-2002):	4.00	322,770	322,770
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes		22,280	22,280
● Increased printing costs for department brochures		5,000	5,000
● Changes in vehicle maintenance and operations costs		(2,500)	(2,500)
Technical Adjustments Subtotal:	0.00	24,780	24,780
2002-2003 Forecast Base Budget:	4.00	347,550	347,550
2002-2003 Adopted Budget Total	4.00	347,550	347,550

City Manager -- Office of Emergency Services

Core Service: Emergency Preparedness and Planning

City Service Area: Public Safety

Core Service Purpose

Develop and maintain the city-wide Emergency Operation Plan, coordinate with Federal, State, and local mutual aid partners, and train City staff and residents in proper emergency response procedures.

Key Operational Services:

- ☐ **Develop and Maintain the City-wide Emergency Plan**
- ☐ **San Jose *Prepared!***

Performance and Resource Overview

The Office of Emergency Services (OES) works in partnership with other agencies to plan and prepare for natural, technological and human-caused disasters. At present there are completed plans for six of the eight federally-identified types of disasters. Through a partnership with the Airport, the seventh plan is being developed to address off-airport aircraft accidents.

Residents are a critical link to community disaster preparedness. Through the San Jose *Prepared!* program, OES strives to bring emergency response capacity into every neighborhood of San Jose. At present, 18% of the City's 429 neighborhoods have a team of at least two San Jose *Prepared!* members. Through outreach efforts involving the Strong Neighborhoods Initiative, cable television broadcasts and community group meetings, the program should increase and have teams in at least 20% of the neighborhoods during the next fiscal year.

Approximately one-third of the budget of the OES is supported by Federal Emergency Management Program Grant (EMPG) funds. The General Fund supports the remaining two-thirds of OES's costs.





Students who are preparing to become San Jose *Prepared!* team members take four classes, each is four hours in length. The goal of these classes is to enhance both knowledge and action toward preparedness for disaster response at the neighborhood level. Exit surveys collected after each series of classes indicate that all students experience an increase in their personal preparedness.

City Manager – Office of Emergency Services

Core Service: Emergency Preparedness and Planning

City Service Area: Public Safety

Performance and Resource Overview (Cont'd.)

Emergency Preparedness and Planning Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 % of federally-identified potential disasters for which we have planned and prepared	63%	88%	88%	88%
 % of 429 City neighborhoods with at least two graduated and active San Jose <i>Prepared!</i> team members	14%	16%	18%	22%
 % of OES costs paid by Federal or State funding sources	32%	32%	30%	30%
 % of San Jose <i>Prepared!</i> members who feel more prepared after taking the four training modules, based on an exit evaluation	100%	100%	100%	100%

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Total number of San Jose <i>Prepared!</i> students	904	950	1,201	1,400
Total number of FEMA-identified disasters prepared for	6	6	7	7

City Manager – Office of Emergency Services

Core Service: Emergency Preparedness and Planning

City Service Area: Public Safety

Performance and Resource Overview (Cont'd.)

Emergency Preparedness and Planning Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 122,115	\$ 122,115	N/A
Non-Personal/Equipment	N/A	N/A	25,219	25,219	N/A
Total	\$ -	-	\$ 147,334	\$ 147,334	N/A
Authorized Positions	N/A	N/A	2.10	2.10	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

City Manager – Office of Emergency Services

Core Service: Emergency Response and Recovery

City Service Area: Public Safety

Core Service Purpose

Develop and maintain the Emergency Operations Center and its systems in coordination with Federal and State requirements, and assist departments with the development of their Standard Operating Procedures for emergencies.

Key Operational Services:

- | | |
|--|--|
| <input type="checkbox"/> Emergency Management Training for City Staff | <input type="checkbox"/> Department Standard Operating Procedure Assistance |
| <input type="checkbox"/> Maintain Emergency Operations Center Readiness | |

Performance and Resource Overview

The Office of Emergency Services works in partnership with other City departments and government agencies to be ready to respond to a natural, technological or human-caused disaster, and to assist the community with a rapid recovery. The basis for response and recovery in California is the Standardized Emergency Management System (SEMS) in the Emergency Operations Center (EOC). City employees who work in the EOC, or who support emergency response in the field, are required to have SEMS training. To date, 22% of the City work force has received SEMS basic training, including elected officials, senior and executive staff members, and field personnel. For 2002-2003, 24% of City staff are targeted to have received SEMS training.

In the event of an emergency, departments need to have a developed plan to follow. At present, 66% of the City departments have a disaster response procedure that has been written or revised within the last four years. Office of Emergency Services staff members will continue to work with other departments to develop plans and seek to increase the number of departments with current disaster response procedures to 78%. Customer satisfaction is a focus of staff's service delivery. To date, all of the departments that have received planning assistance have been very satisfied with the guidance and assistance provided.

Should a disaster occur in San Jose, it may be possible to obtain outside financial assistance from the State and the Federal government. Targets for performance measures have been included to seek the greatest cost recovery possible from both State and Federal funds in the event of a disaster.






When disasters occur, the emergency response organization functions from the EOC. Through planning and staff training it is possible to open the facility in fifteen (15) minutes, at any time of the day.

City Manager – Office of Emergency Services

Core Service: Emergency Response and Recovery

City Service Area: Public Safety

Performance and Resource Overview (Cont'd.)

Emergency Response and Recovery Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 % of City employees trained in the State-mandated Standardized Emergency Management System (SEMS)	19%	21%	22%	24%
 % of City departments having disaster Operating Procedures no older than four (4) years	55%	72%	66%	78%
 % of disaster response and recovery costs paid by Federal and State Funds*	0%	-	-	*
 % of time Emergency Operations Center is open at Level I within fifteen (15) minutes of the request	100%	100%	100%	100%
 % of departments responding satisfied or very satisfied with OES assistance in organization of departmental emergency response standard operating procedures	100%	100%	100%	100%

* In a Federally-declared disaster, FEMA will normally reimburse the City for 75% of disaster response and recovery cost and the State will reimburse 18%, leaving 7% for the City to absorb.

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Total number of SEMS students	77	100	199	200
Total number of EOC activations	3	-	1	-
Total number of departments requesting disaster preparedness assistance	2	2	3	2

City Manager – Office of Emergency Services

Core Service: Emergency Response and Recovery

City Service Area: Public Safety

Performance and Resource Overview (Cont'd.)

Emergency Response & Recovery Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 175,133	\$ 175,133	N/A
Non-Personal/Equipment	N/A	N/A	17,499	17,499	N/A
Total	\$ -	\$ -	\$ 192,632	\$ 192,632	N/A
Authorized Positions	N/A	N/A	1.75	1.75	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

City Manager – Office of Emergency Services

Core Service: Strategic Support

City Service Area: Public Safety

Strategic Support

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Office of Emergency Services includes the following:

- | | |
|---|---|
| <input type="checkbox"/> Public Education | <input type="checkbox"/> Employee/Volunteer Services |
| <input type="checkbox"/> Financial Management | <input type="checkbox"/> Internet Services |
| <input type="checkbox"/> Clerical Support | <input type="checkbox"/> National Weather Service |
| <input type="checkbox"/> Wellness Promotion & Assessment | <input type="checkbox"/> Regulatory Compliance Management (OSHA) |

Performance and Resource Overview

Strategic support is an ongoing requirement to provide the Core Services of this Office. For 2002-2003, no changes are included.

Strategic Support Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	N/A	N/A	\$ 5,081	\$ 5,081	N/A
Non-Personal/Equipment	N/A	N/A	2,503	2,503	N/A
Total	\$ -	\$ -	\$ 7,584	\$ 7,584	N/A
Authorized Positions	N/A	N/A	0.15	0.15	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Employee Services Department

Kay Winer, Acting Director

M I S S I O N

To attract, develop and retain a quality workforce

Core Services

Health and Safety

Provide services that ensure employee health, safety and well-being

Employment Services

Facilitate the timely hiring of excellent employees and maintain the City's classification and compensation systems

Employee Benefits

Provide benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively

Training and Development

Provide programs that build the capacity of individual employees

Strategic Support: Administration, Financial Management, Personnel Management, Computer Services, Records Management

Employee Services Department

Budget Summary

	2001-2002 Adopted	2002-2003 Adopted	Change
Authorized Positions	55.75	74.75	34.1%
Department Budget (All Funds)	\$ 16,771,613	\$ 19,237,770	14.7%

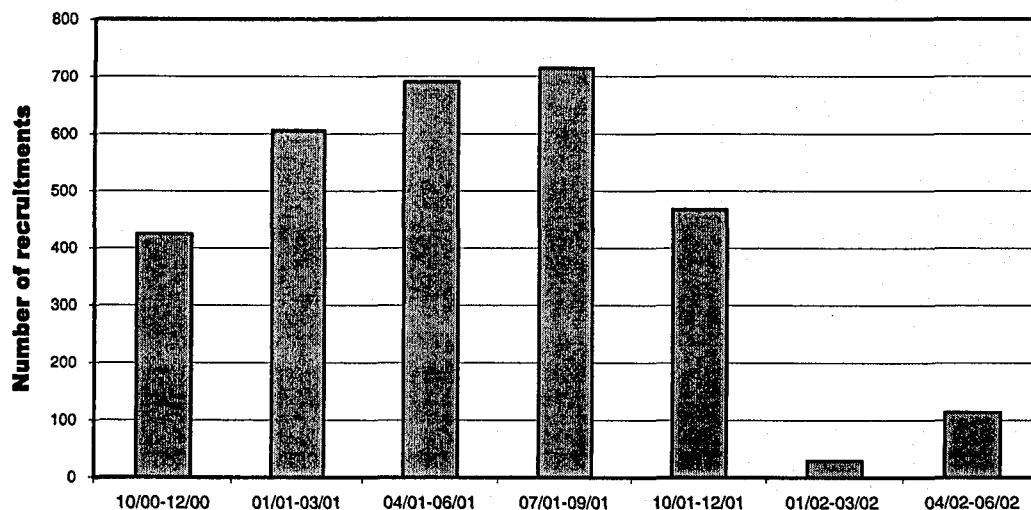
Budget Highlights 2002-2003

- Efficiency gains from the transfer of Workers' Compensation Program from the Finance Department to the Employee Services Department resulting in 22 positions redeployed to Employee Services Department was approved.
- In-house health and safety staff will assume tasks previously undertaken by consultants and contractual services.
- The transfer of resources from City-Wide Expenses Safety Program (\$398,259) into Employee Service's budget to streamline program delivery was approved.

Budget yte

Recruitment placements include competitive promotions, transfers, and rehires. Near-record levels of recruitment occurred the 1st quarter of 2001-2002. The economic downturn resulted in a hiring suspension implemented in November 2001.

Recruitments



Employee Services Department

Department Overview

The Employee Services Department, formerly known as the Human Resources Department, along with the Retirement Services Department and the contributing partners (Office of Employee Relations and the Payroll Program in the Finance Department), comprise the Strategic Support Employee Services City Service Area (CSA). The CSA's mission is to recruit and equip employees with the training, benefits and working environment necessary to be successful in delivering quality services to the community.

During the past year, an assessment of the delivery of employee-related services was completed, with the assistance of a consultant. A result from the assessment is the establishment of the Employee Services Department, reflecting a new service delivery model for improved alignment of services and for more seamless and efficient delivery of services. The Workers' Compensation function in the Finance Department has been approved to be transferred to the Employee Services Department. The reorganization will facilitate comprehensive planning to implement training and safety programs which will address problem areas contributing to increasing costs in workers' compensation claims. Additionally, the new organization facilitates opportunities for more effective planning and redeployment of existing resources for more effective service delivery.

Employee Services is a primary partner in the Employee Services CSA's major outcomes:

1. *Employees to Meet the Changing Service Delivery Needs of the Organization;*
2. *High Performing, Committed Workforce that Meets the Service Delivery Needs of the Organization;*

3. *Employees Have a Safe and Healthy Work Environment.*

Employee Services supports the efforts of the City organization through four core services, directly linked to the performance outcomes of the CSA:

- § Health and Safety
- § Employment Services
- § Employee Benefits
- § Training and Development

Major Policies and Issues

Employee Services dedicated significant resources over the past few years to develop and implement changes in the City's human resources environment.

- § Employee Services is leading the efforts to make significant permanent revisions to the Civil Service hiring rules and policies to hire and promote employees more expeditiously and effectively, while retaining a fair and equitable recruitment and selection process.
- § Employee Services continues to work with key stakeholders to implement changes in the classification and compensation system necessary to retain a qualified workforce.
- § A city-wide employee survey conducted in September 2001 identified what is working well and what could be improved in areas such as communication and feedback, participation and recognition, and providing customer service.

Health and Safety

The preferred method to reduce the potential cost of an illness or injured employee is to

Employee Services Department

Department Overview (Cont'd.)

Health and Safety (Cont'd.)

invest in prevention. Employee Services provides centralized injury and risk reduction programs and leverages services to assure a safe and healthy work environment. Centralized services include medical testing, Occupational Safety and Health Administration (OSHA), Workers' Compensation Program and drug testing exams as well as training in areas such as safety equipment and disease control to reduce lost time due to sickness and injuries. As an employer with many high-risk jobs, the City has multi-million dollar costs associated with employee illness and injury despite ongoing efforts to control costs. Future challenges include controlling costs, improving testing and tracking of mandated medical exams and recurring health hazards, and complying with legislative and contractual obligations to limit liability exposure and operating expenses. As directed in the Mayor's Message, the ability to respond quickly and adequately to emergency and safety compliance issues will be maintained.

The Health and Safety core service has been expanded to include the addition of the Workers' Compensation Program. The reorganization will help to identify and address health and safety issues of the organization in an integrated manner and to ensure delivery of comprehensive services to customers.

Efficiency savings in this core service will be realized in 2002-2003 by utilizing in-house staff rather than contractual services for hazard assessment, wellness and fitness training.

Employment Services

In 2000-2001 and the early part of 2001-2002, the City struggled to compete in what became the tightest labor market in 30 years. The economic downturn nationwide resulted in the

formulation of an entirely different set of operational challenges for Employee Services and the hiring departments. Recruitments attracted an overwhelming number of applicants. Recruitment was at a near-record high the first quarter of 2001-2002. A temporary hiring suspension was implemented in November 2001 as a result of the economic downturn's effect on the City's budget. With the slow down in hiring activity, staff refocused its energies towards continuing to refine the new hiring rules, to improve hiring practices and to develop qualified candidate pools for certain city-wide classifications.

Employee Services continues to work on changes to the Civil Service Rules that will increase efficiency and expediency in the City's hiring process, while retaining a process that ensures fairness and equity. In June 2001, the new hiring rules were adopted on a trial basis for nine months and applied to all non-sworn classifications and Police and Fire entry-level positions. By mid-November 2001, it was evident that neither the Administration nor labor organizations were prepared to endorse permanent adoption of the interim hiring rules. The process needed more refinement and additional training was determined to be necessary. Council passed an ordinance extending the interim hiring rules until March 2003. Employee Services staff continues to work on all outstanding issues with labor organizations and City departments so that the rules can be revised permanently before the expiration of the interim hiring rules in March 2003. With the new rules in place and running smoothly, Employee Services anticipates being able to handle additional recruitments when the economy recovers.

Hiring and recruitment service level reductions were approved for 2002-2003. The economic downturn has made it easier to find qualified candidates for positions to be filled.

Employee Services Department

Department Overview (Cont'd.)

Employment Services (Cont'd.)

Elimination of some positions in the budget process also decreased the amount of recruitment effort needed city-wide. Both of these factors made it possible to reduce in 2002-2003 the amount of funding to support marketing and media advertising efforts that are used for recruitment purposes.

Employee Benefits

The workforce has grown from 7,000 employees in 2000-2001 to almost 7,500 in 2001-2002. The City invested in excess of \$40 million in 2001-2002 to provide a variety of benefits for employees and their families, thus supporting the following Employee Services CSA outcome: *Employees to Meet the Changing Service Delivery Needs of the Organization*. These benefits include medical and dental coverage, life insurance, unemployment insurance, an employee assistance program, and a variety of other benefit plans. With the exception of the City's two retirement plans, administration of all benefits, including voluntary benefits, is provided by this core service.

The Benefits Administration team has been monitoring the rising cost of providing employee benefits, specifically health insurance. The City's cost increased approximately \$3 million over the prior year and next year's increase is anticipated to be greater. Trends indicate that double-digit percent increases will continue in upcoming years. The Benefits

Administration team will continue to keep the organization aware of impending benefit changes and develop recommended strategies to help control costs.

Training and Development

This core service provides leadership in the following Employee Services CSA outcome: *High Performing Workforce that Meets the Service Delivery Needs of the Organization*. This core service is committed to continuous improvement and ongoing training. A wide variety of personal and professional training and improvement courses are offered to employees through the Training Catalog, with which employees consistently express high satisfaction. In addition, a significant amount of specialized training is offered or developed by individual departments.

In 2001-2002, the training program was expanded to ensure that investments in training match the highest priorities of the organization. More classes were made available for computer training and supervision. The New Employee Orientation program, which began on June 2002, was enhanced to provide a more comprehensive review of the City's vision, mission, corporate priorities, and an understanding of key City policies and procedures and employee benefits. Redeployment of some existing staff to Training and Development in 2002-2003 will also enhance and expand existing training efforts without requiring additional funding.

Employee Services Department

Department Budget Summary

	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Health and Safety	N/A	N/A	4,047,423	3,653,753	N/A
Employment Services	N/A	N/A	2,030,510	1,741,376	N/A
Employee Benefits	N/A	N/A	12,401,314	12,401,314	N/A
Training and Development	N/A	N/A	516,027	516,027	N/A
Strategic Support	N/A	N/A	925,300	925,300	N/A
Total	\$ -	\$ -	\$ 19,920,574	\$ 19,237,770	N/A
Dollars by Program					
Health, Safety & Admin	\$ 2,276,941	\$ 2,777,242	N/A	N/A	N/A
Employment & Classification	1,459,584	1,670,934	N/A	N/A	N/A
Employee Benefits	533,970	745,482	N/A	N/A	N/A
Benefit Funds	9,325,134	11,259,572	N/A	N/A	N/A
Training & Development	228,779	318,383	N/A	N/A	N/A
Total	\$ 13,824,408	\$ 16,771,613	\$ -	\$ -	N/A
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 3,464,551	\$ 4,074,167	\$ 6,552,142	\$ 6,172,339	51.5%
Overtime	18,234	19,758	23,355	23,354	18.2%
Subtotal	\$ 3,482,785	\$ 4,093,925	\$ 6,575,497	\$ 6,195,693	51.3%
Non-Personal/Equipment	10,341,623	12,677,688	13,345,077	13,042,077	2.9%
Total	\$ 13,824,408	\$ 16,771,613	\$ 19,920,574	\$ 19,237,770	14.7%
Dollars by Fund					
General Fund	\$ 4,499,275	\$ 5,473,049	\$ 8,017,592	\$ 7,334,788	34.0%
Dental Insurance	7,917,531	9,793,236	10,026,053	10,026,053	2.4%
Federated Retirement	N/A	19,496	20,805	12,485	(36.0%)
Life Insurance	1,239,904	1,238,629	1,496,771	1,496,771	20.8%
Police & Fire Retirement	N/A	19,496	20,805	29,125	49.4%
Unemployment Insurance	167,698	227,707	316,080	316,080	38.8%
Vehicle Maint & Opers	N/A	N/A	22,468	22,468	N/A
Total	\$ 13,824,408	\$ 16,771,613	\$ 19,920,574	\$ 19,237,770	14.7%
Authorized Positions	51.25	55.75	79.75	74.75	34.1%

Note: The City of San Jose is in the final year of a three year transition to a Performance-Based Budget. As a main step in the process, all departments and City Council appointees identified their major lines of business or "Core Services" delivered to customers. Departmental budget sections are now presented by Core Services, rather than Programs, with performance measures and adopted budget changes detailed. For fiscal year 2002-2003 (as part of the budget transition), Program information is now only available for the display of 2000-2001 Actual and 2001-2002 Adopted Budget data.

Employee Services Department

Budget Reconciliation

(2001-2002 Adopted to 2002-2003 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2001-2002):	55.75	16,771,613	5,473,049
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
● Rebudget: Compliance audit		(65,000)	(65,000)
● One-time funds for Employee Health Services tracking system		(80,000)	(80,000)
● One-time funds for Deferred Compensation consultant		(10,000)	(10,000)
● One-time funds for Police exams		(25,000)	(25,000)
One-time Prior Year Expenditures Subtotal:	0.00	(180,000)	(180,000)
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations:		410,401	351,079
- 1.0 Analyst to Sr. Analyst			
- 3.0 Business System Analyst to Sr. Analysts			
- 1.0 Program Specialist to Sr. Medical Assistant			
● Add Sr. Office Specialist, delete part-time Student Intern and non-personal/equipment for Employment Services	0.50		
● Delete temporary positions for HR/Payroll upgrade: 0.5 Analyst, 2.0 Business System Analyst	(2.50)		
● Conversion of contractual funding for 3.0 Medical Assistants	3.00		
● Conversion of contractual funding and transfer from City Manager's Office for 1.0 Systems Application Programmer (Webmaster)	1.00	20,000	20,000
● Transfer Workers' Compensation Program from Finance Department	22.00	1,945,105	1,945,105
● Transfer Safety Program from City-Wide Expenses		398,259	398,259
● Increase for Life Insurance premiums		235,414	0
● Increase for anticipated dental claims		178,021	0
● Increase in costs for Unemployment Claims		82,758	0
● Increase for Delta Dental Administration costs		15,867	0
● Annualization related to EHS tracking system		10,000	10,000
● Increase for contractual services related to unemployment		2,496	0
● Changes in overhead costs		30,540	0
● Changes in vehicle maintenance and operations costs		100	100
Technical Adjustments Subtotal:	24.00	3,328,961	2,724,543
2002-2003 Forecast Base Budget:	79.75	19,920,574	8,017,592

Employee Services Department

Budget Reconciliation (Cont'd.)

(2001-2002 Adopted to 2002-2003 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Investment/Budget Proposals Approved			
Health and Safety			
- Health and Safety Program Efficiency Savings	(2.00)	(348,670)	(348,670)
- Wellness, Fitness and Safety Training		(205,000)	(205,000)
Contractual Services			
- Efficiency Savings in Return to Work Program		(30,000)	(30,000)
- Rebudget: Employee Health Services Improvements		190,000	190,000
Health and Safety Subtotal:	(2.00)	(393,670)	(393,670)
Employment Services			
- Hiring and Recruitment Service Level Reductions	(2.00)	(258,300)	(258,300)
- Systems Application Programmer Reallocation	(1.00)	(70,834)	(70,834)
- Rebudget: Analysis & Review of Testing		40,000	40,000
Process for Police Recruits			
Employment Services Subtotal:	(3.00)	(289,134)	(289,134)
Total Investment/Budget Proposals Approved	(5.00)	(682,804)	(682,804)
2002-2003 Adopted Budget Total	74.75	19,237,770	7,334,788

Employee Services Department

Core Service: Health and Safety

City Service Area: Strategic Support - Employee Services

Core Service Purpose

Provide services that ensure employee health, safety and well-being.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Workers' Compensation | <input type="checkbox"/> Return-to-Work |
| <input type="checkbox"/> Safety Training | <input type="checkbox"/> Employee Health Services |
| <input type="checkbox"/> Ergonomics Intervention | <input type="checkbox"/> Wellness Promotion & Assessment |

Performance and Resource Overview

A safe and healthy work environment is a vital concern to the City as an employer. The Health and Safety core service is charged with reducing costs associated with employee injuries and illness, and with assuring City compliance with all applicable state and federal regulations related to employee health and safety in the workplace. The Health and Safety core service supports the following Employee Services CSA outcome: *Employees Have a Safe and Healthy Work Environment.*

In 2002-2003, the Workers' Compensation Program in the Finance Department will be transferred to the Employee Services Department. This reorganization will increase coordination and communication among staff to ensure the delivery of comprehensive services to customers. The Workers' Compensation Program provides services to help employees who are injured to get well quickly so that they are able to resume their normal duties if possible. The consolidation of the Workers' Compensation Program with the Health and Safety core service will facilitate comprehensive planning to decrease workers' compensation claims. Two positions will be eliminated as a result of efficiency gains from the reorganization.

The Employee Health Services unit of this core service offers a variety of occupational medical services such as surveillance and pre-placement physicals as well as Occupational Safety and Health Administration (OSHA) evaluations, all of which are designed to ensure a safe and healthy workforce. As a part of daily business, the City must be in compliance with Federal and Cal/OSHA law, regulations and guidelines. Three Medical Assistant positions, funded at no additional cost by a decrease in contractual services, will be added in 2002-2003. A cost analysis has indicated that for the long term, permanent staffing is more cost-effective than using temporary staffing.

This core service provides the city-wide Health and Safety Program, a program that seeks to reduce employee injuries and illness through the use of safety committees, training, inspection and audits. Training and ergonomic intervention are used to prevent primary types of employee injuries and to reduce accidents which cause employee injuries. Wellness activities are conducted to promote

Employee Services Department

Core Service: Health and Safety

City Service Area: Strategic Support - Employee Services

Performance and Resource Overview (Cont'd.)

healthy lifestyles. The Return to Work Program assists injured employees regain productivity as quickly as possible by arranging job accommodations and locating alternative placements. The percentage of participants rating programs in this core service as good or excellent based on quality, content and response is estimated to be 84% for 2001-2002 (the 2001-2002 target is 85%) and the target for 2002-2003 continues to be 85%.

Significant progress has been made to prevent injury and illness thus reducing claims costs to the City. Workers compensation costs per full-time equivalent were reduced by 26% compared to 1996-1997, and the average number of claims per employee dropped by 13% from 0.24 in 1996-1997 to an estimated 0.21 in 2001-2002. Since 1996-1997, total incurred costs have been reduced by \$1.1 million compared to 1996-1997, despite a 25% growth in the City's workforce, medical inflation, and legislative rate increases. The success of this core service is most evident in the area of back injuries, which historically accounted for 20% of all claims. Training classes were instituted to teach employees how to bend and lift in ways that are less likely to produce traumatic injury or deterioration through repetitive strain. As a result, back injuries were reduced from an average of 4.5 claims per 100 employees in 1996-1997 to an estimated 3.4 in 2001-2002.

In 2001-2002, a number of Safety Officers and Ergonomics Team Members from various departments have received certification training and testing in various areas of Ergonomics. These trained employees will provide additional professional expertise that is needed and will mitigate the loss of resources. The city-wide effort will provide increased coordination and quality service to employees. Efficiency savings in this core service will be realized in 2002-2003 by utilizing in-house staff rather than contractual services for hazard assessment, wellness and fitness training.

Performance Measure Development






The performance measure "lost work time (sick/disability in hrs) per FTE participating in services compared to those not participating" will be changed to "lost work time (sick/disability in hrs) per FTE participating in services compared to the average lost work time per FTE" reflecting a more useful comparison with improved sustainability for collection. This performance measure is still quite new and will be further developed over the coming year to include a reasonable target when more data is available.

Employee Services Department

Core Service: Health and Safety

City Service Area: Strategic Support - Employee Services

Performance and Resource Overview (Cont'd.)

Health & Safety Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 Lost work time (sick/disability in hrs) per FTE participating in services compared to the average lost work time per FTE	New Measure for 2002-2003			N/A
 % of participants rating Health & Safety programs as good or excellent based on quality, content, and response	82%	85%	84%	85%
 Total Health and Safety lost time per FTE (sick/disability leave adjusted for inflation) *	\$2,324	\$2,300	\$2,600	\$2,500
 Workers' Compensation incurred costs per FTE	\$1,970	\$1,700	\$1,775	\$1,700
 % of mandated health and safety services accomplished within fiscal year	-	60%	60%	60%

* In current dollars

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
# of hours sick leave per FTE	58	58	54	54
# of hours disability leave per FTE	28	28	32	32
# of participants in Health and Safety program	5,477	5,800	6,430	6,000
Workers' Compensation incurred costs	\$13,842,713	\$11,500,000	\$13,250,000	\$14,000,000

Employee Services Department

Core Service: Health and Safety

City Service Area: Strategic Support – Employee Services

Performance and Resource Overview (Cont'd.)

Health & Safety Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 2,980,175	\$ 2,779,505	N/A
Non-Personal/Equipment	N/A	N/A	1,067,248	874,248	N/A
Total	-	-	\$ 4,047,423	\$ 3,653,753	N/A
 Authorized Positions	 N/A	 N/A	 36.00	 34.00	 N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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EMPLOYEES HAVE A SAFE AND HEALTHY WORK ENVIRONMENT

1. Health and Safety Program Efficiency Savings (2.00) (348,670) (348,670)

This action reduces contractual services by \$148,000. In-house health and safety staff will assume tasks previously undertaken by consultants for hazard assessment and continuous improvement (\$98,000). Contractual services for temporary staffing in Employee Health Services will also be reduced (\$50,000). Efficiency gains from the reorganization of the Finance Department Workers' Compensation Program into the Employee Services Department result in the elimination of a filled Senior Office Specialist and a vacant Risk & Loss Control Manager position in Workers' Compensation (\$200,670). (Ongoing savings: \$348,670)

Performance Results:

Quality In-house health and safety staff will assume these functions that were previously contracted out.
Cycle Time Possibly longer response times for unforeseen service levels demands.

Employee Services Department

Core Service: Health and Safety

City Service Area: Strategic Support – Employee Services

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
EMPLOYEES HAVE A SAFE AND HEALTHY WORK ENVIRONMENT (Cont'd.)			
2. Wellness, Fitness and Safety Training Contractual Services		(205,000)	(205,000)
This action reduces contractual services in the ergonomics program by \$65,000, and reduces Wellness and Fitness classes/training, and information updates by \$140,000. The reductions will be mitigated by using more in-house staff and by encouraging employees to use the Employee Assistance Program to receive wellness training. (Ongoing savings: \$205,000)			
Performance Results:			
Quality In-house health and safety staff will assume these functions that were previously contracted out. Minimal or no impact to the core service is anticipated.			
3. Efficiency Savings in Return to Work Program		(30,000)	(30,000)
Bridge funding is utilized to assist employees who have exhausted the disability leave funding and need to be placed into an on the job training or permanent placement in the City. This action aligns the bridge funding budget to actual expenditures. It is expected that this action will have minimal or no impact on operations. (Ongoing savings: \$30,000)			
Performance Results:			
Minimal or no impact to the core service is anticipated.			
4. Rebudget: Employee Health Services Improvements		190,000	190,000
The rebudget of unexpended 2001-2002 funds will allow the Department to complete the remodel of the Employee Health Services clinic (\$110,000). The remodel will provide an additional exam room and doors and hallways will be reconfigured to ease patient access. In addition, the rebudget of unexpended 2001-2002 funds will allow the Department to complete the purchase of software to create an automated medical tracking system to track every employee, OSHA mandated, medical examination (\$80,000). (Ongoing cost: \$0)			
Performance Results: N/A (Final Budget Modification)			
2002-2003 Adopted Core Service Changes Total	(2.00)	(393,670)	(393,670)

Employee Services Department

Core Service: Employment Services

City Service Area: Strategic Support - Employee Services

Core Service Purpose

Facilitate the timely hiring of excellent employees, and maintain the City's classification and compensation systems.

Key Operational Services:

- | | |
|--|---|
| <input type="checkbox"/> Recruitment and Assessment | <input type="checkbox"/> Training and Auditing on the Hiring Process |
| <input type="checkbox"/> Job Classification/Compensation System | <input type="checkbox"/> Temporary Employment Program |

Performance and Resource Overview

This core service partners with client departments to conduct job and class-specific recruitments and assessments, and continuously strives to streamline the City's hiring process. Also, this core service provides temporary employment resources for client departments by maintaining pools of temporary clerical staff, analytical staff and desktop publishers for short-term assignments. Updating and maintaining the City's classification and compensation system is also a service provided by Employment Services. The Employment Services core service supports the following Employee Services CSA outcome: *Employees to Meet the Service Delivery Needs of the Organization.*

Employment Services strives to facilitate permanent changes to the Civil Service Rules that will increase efficiency and expediency in the City's hiring process. As a result of the hiring pilot project, Council passed an ordinance revising the Civil Service Rules that will enable a streamlined recruitment and hiring system to serve the City organization better. Effective July 1, 2001, the new rules were adopted on a trial basis for nine months and applied to all non-sworn classifications and Police and Fire entry-level positions. By mid-November 2001, it was evident that neither the Administration nor labor organizations were prepared to endorse permanent adoption of the interim hiring rules. The process needed refinement and additional training was needed to ensure that the system achieves fair, efficient, effective and accountable hiring. Thus Council passed an ordinance extending the interim hiring rules until March 2003. In 2002-2003, Employment Services will continue to refine policy drafts and develop procedures and training materials and conduct information sessions on the new hiring rules. Staff will continue to work on all outstanding issues with labor organizations and City departments so that the rules can be revised permanently before the expiration of the interim hiring rules in March 2003.

In 2001-2002, activity in two of Employment Services' key operational services, recruitment and hiring, dropped dramatically due to the city-wide hiring suspension. The first quarter of 2001-2002 indicated near-record levels of recruitments (approximately 700) and appointments (approximately

Employee Services Department

Core Service: Employment Services

City Service Area: Strategic Support - Employee Services

Performance and Resource Overview (Cont'd.)

2,500) through year-end. The hiring suspension that was implemented in November resulted in lower levels of recruitment for the second half of the year (143 recruitments and 1,648 appointments). The reduced activity level allowed certain cycle times to be decreased. The department's revised year-end projection was to produce qualified candidate pools in "B" level agreements in five days in 92% of the recruitments. The different types of service level agreements between Employment Services and the client departments are used depending on the type of recruitment or assessment and help streamline recruitment efforts.

In 2002-2003, performance measurements are estimated to mirror 2001-2002 levels. Hiring and recruitment service level reductions are approved for 2002-2003. The economic downturn has made it easier to find qualified candidates for positions to be filled. Elimination of some positions in the budget process also decreases the level of recruitment effort city-wide. Both of these factors make it possible to reduce the amount of funding to support marketing, recruiting and media advertising efforts.

A Systems Application Programmer has been approved to be added in 2002-2003 to the Information Technology Department to update and maintain the City's intranet and internet site. The position is funded by redeployed resources in the CSA. Up-to-date information about services offered by the Employee Services Department and other partners in the CSA such as Office of Employee Relations will be available as will a link to Retirement Services. This is a collaborative effort among the partners in the Employee Services CSA, resulting in improved communication and efficiency.

Performance Measure Development

The performance measure "% of hiring managers' rating the pool of candidates that Employee Services provides as good or excellent" and "time to certify from an eligible list" will be replaced by "% of time that Employment Services produces a qualified candidate group within 65 days (for service level A)" and "% of time that Employment Services produces a qualified candidate group within 5 days (for service level B)". This revised measure provides more meaningful information on the specific types of hiring. The performance measure "Human Resources cost per hire" will be temporarily deleted until reliable data is available. Cost information as a measure will be reinstated when a cost accounting system becomes available. The performance measure "% of hiring managers and applicants rating employment services as good to excellent based on timeliness and quality of services" will be replaced by "% of hiring managers rating Employment Services as good to excellent (4 or 5 on scale of 1 to 5) based on quality of services" and "% of HR liaisons rating Employment Services as good to excellent (4 or 5 on scale of 1 to 5) based on quality of services." These two measures provide more meaningful information on satisfaction levels of two distinct groups of customers who have slightly different needs.

Employee Services Department





Core Service: Employment Services

City Service Area: Strategic Support - Employee Services

Performance and Resource Overview (Cont'd.)

Performance Measure Development (Cont'd.)

The performance measurements in the "Activity and Workload Highlights" section has changed to reflect Employee Services current business practices. It is more meaningful to track data from hiring by position rather than hiring by creating eligible lists.

Employee Benefits Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 % of hiring managers rating Employment Services as good or excellent (4 or 5 on a scale of 1 to 5) based on quality of services	New Measure for 2002-2003		75%	75%
 % of Employment Services Liaisons rating Employment Services as good to excellent (4 to 5 on a scale of 1 to 5) based on quality of services	New Measure for 2002-2003		80%	80%
 % of time that Employment Services produces a qualified candidate pool within 65 days (for service level agreement A)	New Measure for 2002-2003		67%	80%
 % of time that Employment Services produces a qualified candidate pool within 5 days (for service level agreement B)	New Measure for 2002-2003		92%	90%

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
New job postings, total	New Measure for 2002-2003		311	116
New job postings, internal	New Measure for 2002-2003		163.0	84
New job postings, external	New Measure for 2002-2003		148	32
Service level agreement, total	New Measure for 2002-2003		311	116
Appointments, total	New Measure for 2002-2003		1,546	728

Employee Services Department

Core Service: Employment Services

City Service Area: Strategic Support – Employee Services

Performance and Resource Overview (Cont'd.)

Employment Services Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 1,487,747	\$ 1,308,613	N/A
Non-Personal/Equipment	N/A	N/A	542,763	432,763	N/A
Total	\$ -	\$ -	\$ 2,030,510	\$ 1,741,376	N/A
Authorized Positions	N/A	N/A	20.50	17.50	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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EMPLOYEES TO MEET THE CHANGING SERVICE DELIVERY NEEDS OF THE ORGANIZATION

1. Hiring and Recruitment Service Level Reductions	(2.00)	(258,300)	(258,300)
--	--------	-----------	-----------

Funding for a unified marketing campaign to promote the "City as the Employer of Choice" and funding for recruiting and hiring activities has been approved to be reduced by \$150,000. Department-specific advertising and marketing will also be eliminated. Savings will also be achieved by the use of less expensive assessment tools during recruitments. In-house staff will assume these functions that were previously contracted out. Elimination of two vacant Office Specialist positions will reduce clerical support in the department (\$108,300). (Ongoing savings: \$258,300)

Performance Results:

Quality Hiring Managers and Employment Services Liaisons rating the core service as good to excellent based on quality of service is expected to remain the same as 2001-2002 levels. **Cycle Time** The number of qualified candidate pools produced within 65 days is targeted to be 80% and the number of qualified candidate pools produced within 5 days is expected to remain the same as targeted at 90%.

Employee Services Department

Core Service: Employment Services

City Service Area: Strategic Support – Employee Services

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
EMPLOYEES TO MEET THE CHANGING SERVICE DELIVERY NEEDS OF THE ORGANIZATION (Cont'd.)			
2. Systems Application Programmer Reallocation	(1.00)	(70,834)	(70,834)
A technical adjustment to move funding for a Systems Application Programmer from the Employee Services Department to the Information Technology Department was approved. This action is in accordance with the City's practice of placing information technology systems positions in the Information Technology Department. (Ongoing savings: \$70,834)			
Performance Results: N/A (Final Budget Modification)			
3. Rebudget: Analysis & Review of Testing Process for Police Recruits		40,000	40,000
The rebudget of unexpended 2001-2002 funds will allow the Department to review and analyze the testing process for police recruits. (Ongoing cost: \$0)			
Performance Results: N/A (Final Budget Modification)			
2002-2003 Adopted Core Service Changes Total	(3.00)	(289,134)	(289,134)

Employee Services Department

Core Service: Employee Benefits

City Service Area: Strategic Support - Employee Services

Core Service Purpose

Provide employee benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Benefits Classes and Services | <input type="checkbox"/> Customer Services, Counseling and |
| <input type="checkbox"/> Insurance Premium Payments | Mediation |
| <input type="checkbox"/> Claims Processing | <input type="checkbox"/> HRIS Administration and |
| <input type="checkbox"/> Eligibility and Contribution | Maintenance |
| Transfers | |

Performance and Resource Overview

This core service strives to provide employees with a wide array of high-quality and responsive benefits services, and to make accessing and utilizing these services as seamless and trouble-free to beneficiaries as possible. Employee benefits are essential components to meeting the following Employee Services CSA outcomes: *Attracting and Retaining Employees to Meet the City's Service Demands* and *Employees to Meet the Service Delivery Needs of the Organization*.

The approved investment of City funds for non-retirement employee benefits is \$45 million for 2002-2003, details of which are included in the source and use statements found elsewhere in this document. In addition, employees may choose to pay for a number of voluntary benefits through payroll deductions such as supplemental life insurance, personal accident insurance, long term disability, long term care, medical reimbursement accounts, dependent care accounts, and other insurance products. The total value of employee benefits administered, including both City and employee-paid benefits, is projected to be nearly \$53 million in 2002-2003.






Administration of employee benefits is provided using the Benefits Administration module of the City's Human Resources/Payroll System. In addition to the daily administration of the various employee benefits and the management of the related provider contracts, numerous educational opportunities are provided to plan participants in the form of classes, brown bag lunch seminars and individual counseling. These programs help participants understand and utilize the providers' various services. In April 2002, staff from the Departments of Finance, Employee Services and Information Technology implemented an upgrade to the latest version of the Human Resources/Payroll System. Among other uses, with this web-based system, employees can utilize the self-service modules for time keeping, benefits and other human resources information.

Employee Services Department

Core Service: Employee Benefits

City Service Area: Strategic Support - Employee Services

Performance and Resource Overview (Cont'd.)

Employee Benefits Performance Summary		2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
	% providers in compliance with negotiated benefits	90%	90%	91%	91%
	% participants rating benefit program products and services as good to excellent	80%	80%	80%	80%
	Cost of benefits administration per FTE	\$115	\$125	\$109	\$110
	% of requests for services resolved in one day	80%	80%	83%	80%
	% of HRIS transactions completed within the target pay period	100%	100%	100%	100%

Activity & Workload Highlights		2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Annual contributions to Deferred Compensation		\$26.0M	\$26.5M	\$29.0M	\$29.0M
% of employees contributing to Deferred Comp		70%	70%	63%	63%
% of employees/retirees enrolled in dental HMO		17%	15%	11%	11%

Employee Benefits Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 799,078	\$ 799,078	N/A
Non-Personal/Equipment	N/A	N/A	11,602,236	11,602,236	N/A
Total	\$ -	\$ -	\$ 12,401,314	\$ 12,401,314	N/A
Authorized Positions	N/A	N/A	10.25	10.25	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Employee Services Department

Core Service: Employee Benefits

City Service Area: Strategic Support - Employee Services

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Employee Services Department

Core Service: Training and Development
City Service Area: Strategic Support - Employee Services

Core Service Purpose

Provide programs that build the capacity of individual employees.

Key Operational Services:

- | | |
|--|---|
| <input type="checkbox"/> Management of Training Programs | <input type="checkbox"/> Management of New Employee |
| <input type="checkbox"/> Administration of Various | Orientation |
| Certificate Programs | |

Performance and Resource Overview

This core service encourages the development of the “total employee” by providing opportunities to develop desired skills that are beneficial for a current or prospective set of personal or professional responsibilities. As required workload increases in volume and complexity, and turnover places employees in new roles, training is essential for the organization to deliver high quality services. The Training and Development core service is directly related to the following Employee Services CSA outcome: *High Performing, Committed Workforce that Meets the Service Delivery Needs of the Organization.*






Performance measure data from 2001-2002 shows that 90% of supervisors say training improves an employee's job performance and that 90% of employees rate the effectiveness of training as good to excellent. The city-wide Employee Survey conducted in September 2001 showed that 65% of employees rated the training program as good to excellent and only 5% of employees rated the training program as poor to very poor.

Two of the biggest challenges this core service faces are to develop a centralized and standardized training curriculum that meets the organization's needs and to ensure that appropriate skills are taught in a consistent, cost-effective manner. Two positions were redeployed to this core service to align existing resources with training needs. Additional classes are being offered on supervision training, project management and computer training. Eight Leadership and Supervision Academies, compared to three academies offered last year, will be available, as well as a new Supervisor Basic Training class offered biweekly.

Employee Services Department

Core Service: Training and Development City Service Area: Strategic Support - Employee Services

Performance and Resource Overview (Cont'd.)

Training and Development Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 % of supervisors who say training improves employees job performance	88%	90%	90%	90%
 % of employees rating the effectiveness of training classes as good to excellent	90%	90%	90%	90%
 % of training requests filled within time objectives	90%	95%	95%	95%
 % of customers very satisfied with employee development services (4 or better on a 1-5 scale)	90%	95%	90%	90%
 % of attendees who say that the training class met their objectives	95%	95%	95%	95%

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
# of training course offered	482	500	480	480
# of training hours provided	2,552	3,000	2,500	2,600
# of training registrations processed	11,232	12,500	11,000	11,500
# of training attendees	5,300	6,200	5,300	5,400

Employee Services Department

Core Service: Training and Development City Service Area: Strategic Support - Employee Services

Performance and Resource Overview (Cont'd.)

Training and Development Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 483,327	\$ 483,327	N/A
Non-Personal/Equipment	N/A	N/A	32,700	32,700	N/A
Total	\$ -	-	\$ 516,027	\$ 516,027	N/A
Authorized Positions	N/A	N/A	5.00	5.00	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Employee Services Department

Strategic Support

Strategic Support represents the services provided within departments that support and guide the provision of the core services. Strategic Support within the Human Resources Department includes:

- | | |
|--|--|
| <input type="checkbox"/> Administration | <input type="checkbox"/> Computer Services |
| <input type="checkbox"/> Financial Management | <input type="checkbox"/> Records Management |
| <input type="checkbox"/> Personnel Management | |

Performance and Resource Overview

Strategic Support is an ongoing requirement to provide the core services of the Department. For the 2002-2003, no changes were approved. Performance measurement data will be developed in 2002-2003 to measure the effectiveness and efficiency of this core service.

Strategic Support Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	N/A	N/A	\$ 825,170	\$ 825,170	N/A
Non-Personal/Equipment	N/A	N/A	100,130	100,130	N/A
Total	\$ -	\$ -	\$ 925,300	\$ 925,300	N/A
Authorized Positions	N/A	N/A	8.00	8.00	N/A

- * The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Environmental Services Department

Carl Mosher, Director

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Work with our community to conserve
natural resources and safeguard the
environment for future generations

Core Services

Manage Recycling and Garbage Services

Collect, process and dispose of solid waste
to maximize diversion from landfills and
protect public health, safety and the
environment

Manage Wastewater

Manage wastewater for suitable discharge
into the South San Francisco Bay and for
beneficial reuse to protect the environment
and public health

Manage Potable Water

Develop, operate and maintain the City's
municipal potable water system

Manage Urban Runoff Quality

Protect the health of the South Bay
watershed through regulatory programs that
prevent pollution from entering the storm
sewer system and waterways

Manage Recycled Water

Develop, operate and maintain a recycled
water system that reduces effluent to the
Bay and provides a reliable and high quality
alternative water supply

Protect Natural & Energy Resources

Promote enhanced air quality,
environmentally responsible land use, and
conservation of water and energy resources

Strategic Support: Public Education, Long Range Planning, Employee
Services, Facility Management, Financial Management, Computer Services,
Clerical Support, and Materials Management

Environmental Services Department

Budget Summary

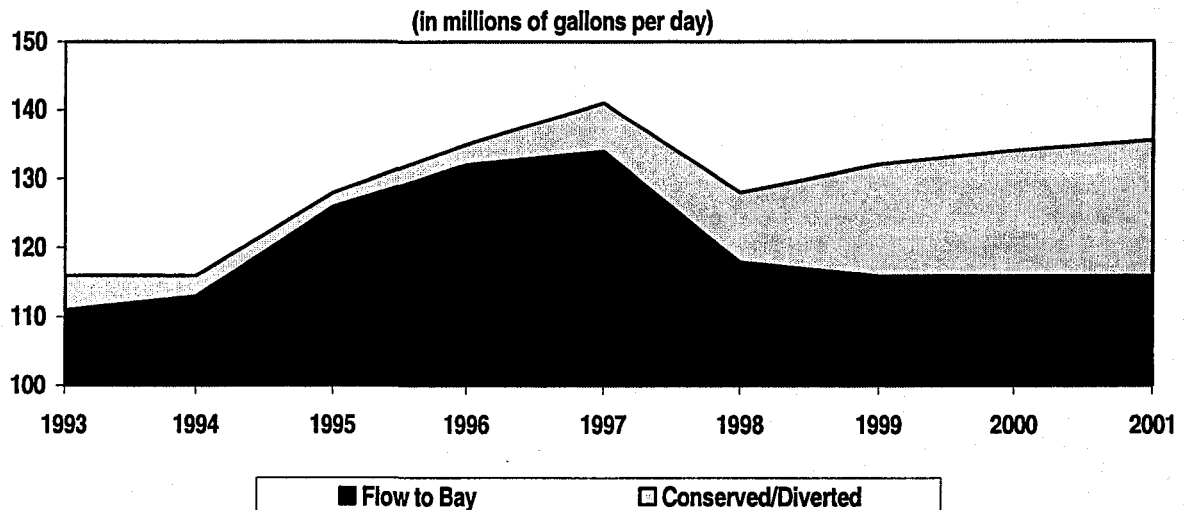
	2001-2002 Adopted	2002-2003 Adopted	Change
Authorized Positions	454.50	442.50	(2.6%)
Department Budget (All Funds)	\$ 138,107,731	\$ 141,464,420	2.4%

Budget Highlights 2002-2003

- ☐ In order to support the Council-approved level of services in the Integrated Waste Management Fund and the Storm Sewer Operating Fund, multi-year rate increase strategies for these funds were approved for implementation beginning in 2002-2003.
- ☐ Continuing its trend of implementing efficiencies over the past five years, the Department will reduce its staffing in the Laboratory, saving \$788,000, eliminating 8.0 positions, and realigning 5.0 positions without adversely impacting service levels.
- ☐ Costs for maintaining fire hydrants in the Municipal Water System (Muni Water) will now be borne by the Muni Water system as a result of the elimination of that program in the Transportation Department.
- ☐ One-time revenues in the amount of \$260,000 will be used to enhance the Public Area Recycling Program with additional outreach and accelerated deployment or replacement of litter/recycling modules.

Budget Byte

Wastewater Flows Diverted from the Bay



Environmental Services Department

Department Overview

The Environmental Services Department (ESD), a member of the Environmental and Utility Services City Service Area, strives to deliver its services in the most cost-effective manner possible. As such, the Department regularly evaluates its staffing and resources to identify possible efficiencies. In past years, the Water Pollution Control Plant implemented significant budget and staffing reductions. The Municipal Water System also identified efficiencies that enabled it to maintain staffing levels by re-deploying existing staff, despite 49% system growth over the last 10 years.

Continuing this trend of identifying efficiencies, and as a result of discussions with the City Auditor's Office, the 2002-2003 Adopted Operating Budget includes reductions in the Water Pollution Control Plant Laboratory, generating savings of approximately \$788,000 for the Department; approximately \$55,000 in reductions elsewhere in the Watershed Protection Program; and \$90,000 in the Water Pollution Control Plant. These reductions can be accomplished without adverse impacts on service levels. A total number of 10 positions are eliminated as part of these actions: eight positions in the Water Pollution Control Plant Laboratory, a net reduction of one position in the Watershed Protection Program, and one position reduction at the Water Pollution Control Plant.

In 2002-2003, ESD will begin a video conferencing pilot program. Video conferencing will enable ESD personnel based in four separate locations to conduct meetings without having to travel. This ability will allow greater staff productivity by reducing travel time to and from meetings for numerous employees.

ESD will also be using one-time revenues of \$260,000 to enhance the Public Area Recycling

Program, allowing additional outreach and accelerated deployment or replacement of litter/recycling modules.

Changes to ESD's 2002-2003 Operating Budget affect Outcome 1: *Reliable Utility Infrastructure*; Outcome 2: *Healthy Streams, Rivers, Marsh and Bay*; and Outcome 3: *"Clean and Green" Air, Land, and Energy Resources* of the Environmental and Utility Services CSA.

Multi-year rate increase strategies in the Integrated Waste Management Fund and the Storm Sewer Operating Fund were approved for 2002-2003 in order to ensure the fiscal health and long term ability of the programs to deliver the approved level of services in these areas.

Manage Recycling and Garbage Services

The new residential solid waste collection contracts are set to begin July 1, 2002. The Integrated Waste Management Team continues to implement the program and technology changes needed for a successful transition to the new haulers and services, as well as providing outreach to residents to educate them about new service delivery options, how to use the new recycling cart, the new yard waste cart option, and other service changes. A successful transition will minimize the number of service disruptions, retain a high customer satisfaction rating, and increase the volume of recyclables collected.

In order to support the Council-approved level of services in the Integrated Waste Management Fund, a rate increase strategy to move the residential solid waste collection program into cost-recovery status over a three-year period was approved for implementation beginning in January 2003. An action to use one-time revenues of \$260,000 for the Public Area Recycling Program will allow additional

Environmental Services Department

Department Overview (Cont'd.)

Manage Recycling and Garbage Services (Cont'd.)

outreach and accelerated deployment or replacement of litter/recycling modules. These changes support CSA Outcome 1: *Reliable Utility Infrastructure* and Outcome 3: *"Clean and Green" Air, Land, and Energy*.

Manage Potable Water

The retail rate adjustment approved by the City Council last year to recover wholesale water cost increases succeeded in stabilizing the Water Utility Fund. Due to continuing efforts to improve the operating efficiency of the Municipal Water System (Muni Water), projected increases in wholesale water cost will not be passed to customers for 2002-2003.

The costs for maintaining fire hydrants in the Muni Water service area will be shifted from the Transportation Department to the Water Utility Fund due to the approved elimination of that service by the Transportation Department.

Manage Recycled Water

As part of the 2002-2003 Base Budget, approximately \$150,000 was identified and approved for reduction as the final step in the elimination of contractual services staffing in the South Bay Water Recycling Program. This reduction allows the Department to be more cost-efficient in its operations without sacrificing service levels. This change supports CSA Outcome 2: *Healthy Streams, Rivers, Marsh, and Bay*.

Manage Wastewater

The most significant change in the Manage Wastewater Core Service is the Water

Pollution Control Plant Laboratory Efficiency reductions mentioned previously. Efficiencies at the Water Pollution Control Plant also allow the reduction of a position, resulting in a savings of \$90,000. The staffing reductions (a net total of 10.70 positions) and redeployments approved for this core service will have no adverse impacts on service levels. These changes support CSA Outcome 1: *Reliable Utility Infrastructure* and Outcome 2: *Healthy Streams, Rivers, Marsh, and Bay*.

Manage Urban Runoff Quality

The focus in the Manage Urban Runoff Quality Core Service over the next year will be the continued implementation of programs to meet the new National Pollutant Discharge Elimination System (NPDES) Stormwater permit requirements. In order to maintain these services, ensure the structural integrity of the storm sewer system, improve urban runoff quality, and reinstate a modest capital improvement program for the storm sewer system, a multi-year rate increase strategy was approved in June 2002 for implementation beginning in 2002-2003.

Staffing realignments associated with the implementation of the Water Pollution Control Plant Laboratory Management Plan will allow the transfer of a portion of a Biologist position to the Urban Runoff Program to perform studies related to stream-flow augmentation and implementation of the new NPDES storm water permit requirements. This transfer, combined with other adjustments to align staffing with resource needs and miscellaneous rebudgets of unexpended 2001-2002 funds, results in an addition of \$511,000 in this Core Service. These changes support CSA Outcome 1: *Reliable Utility Infrastructure* and Outcome 2: *Healthy Streams, Rivers, Marsh, and Bay*.

Environmental Services Department

Department Overview (Cont'd.)

Protect Natural and Energy Resources

For several years, ESD has been developing programs to support the mission of this core service: to promote enhanced air quality, environmentally responsible land use, and conservation of water and energy resources. The recent energy crisis added urgency to implement these programs fully as grants and other funding sources are identified. The adoption in June 2001 of the city-wide Green Building Policy demonstrates the City's commitment to yield cost savings to the city taxpayers through reduced operating costs, to provide healthy work environments for staff and visitors, and to contribute to the City's goals of protecting, conserving, and enhancing the region's environmental resources. Additionally, the City hopes to provide leadership by setting a community standard of sustainable/green building.

ESD staff have been working with an Interdepartmental Green Building team and the facilities managers from various departments to identify the resources needed to implement the Green Building guidelines for new and existing City facilities, and to provide technical assistance to the private sector. Implementation of the City's Green Building Policies in its existing building stock and new facility projects would provide operations and maintenance savings for the life of these projects, up to 30-40 years of savings in many cases. Approximately \$150,000 has been allocated across various Capital Programs toward Green Building Policy implementation. As emphasized in the Mayor's Message, this will provide funding for consultants that will help train City staff to implement Green Building policies.

Environmental Services Department

Budget Summary

	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Manage Recycling and Garbage Services	N/A	N/A	\$ 54,738,242	\$ 56,669,919	N/A
Manage Potable Water	N/A	N/A	15,593,107	15,593,107	N/A
Manage Recycled Water	N/A	N/A	3,878,541	3,991,310	N/A
Manage Wastewater	N/A	N/A	49,003,440	47,989,856	N/A
Manage Urban Runoff Quality	N/A	N/A	4,797,793	5,309,203	N/A
Protect Natural and Energy Resources	N/A	N/A	5,325,055	5,325,055	N/A
Strategic Support	N/A	N/A	6,565,694	6,585,970	N/A
Total	\$ -	\$ -	\$ 139,901,872	\$ 141,464,420	N/A
Dollars by Program					
Business Services	\$ 10,536,618	\$ 16,623,471	N/A	N/A	N/A
Integrated Waste Mgmt.	53,386,413	58,363,393	N/A	N/A	N/A
Water Resources	13,773,406	17,413,265	N/A	N/A	N/A
Watershed Protection	10,508,337	11,338,381	N/A	N/A	N/A
Water Pollution Control	31,441,929	34,369,221	N/A	N/A	N/A
Total	\$ 119,646,703	\$ 138,107,731	\$ -	\$ -	N/A
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 32,295,260	\$ 34,679,926	\$ 37,926,088	\$ 37,299,219	7.6%
Overtime	766,678	699,991	741,990	741,990	6.0%
Subtotal	\$ 33,061,938	\$ 35,379,917	\$ 38,668,078	\$ 38,041,209	7.5%
Non-Personal/Equipment	86,584,765	102,727,814	101,233,794	103,423,211	0.7%
Total	\$ 119,646,703	\$ 138,107,731	\$ 139,901,872	\$ 141,464,420	2.4%

Environmental Services Department

Budget Summary (Cont'd.)

	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Dollars by Fund					
General Fund	\$ 1,802,606	\$ 2,633,750	\$ 1,756,614	\$ 1,756,614	(33.3%)
Integrated Waste Mgmt.	53,750,050	60,518,381	53,831,642	55,769,766	(7.8%)
Sewer Svc & Use Charge	762,009	1,829,068	1,787,884	1,787,087	(2.3%)
Storm Sewer Operating	3,279,116	3,853,870	5,132,904	5,649,532	46.6%
Treatment Plant Operating	47,929,265	54,563,960	61,489,038	60,583,401	11.0%
Water Utility	11,721,207	14,209,368	15,345,878	15,360,108	8.1%
Capital Funds	402,450	499,334	557,912	557,912	11.7%
Total	\$ 119,646,703	\$ 138,107,731	\$ 139,901,872	\$ 141,464,420	2.4%
 Authorized Positions	 468.50	 454.50	 453.50	 442.50	 (2.6%)

Note: The City of San Jose is in the final year of a three year transition to a Performance-Based Budget. As a main step in the process, all departments and City Council appointees identified their major lines of business or "Core Services" delivered to customers. Departmental budget sections are now presented by Core Services, rather than Programs, with performance measures and adopted budget changes detailed. For fiscal year 2002-2003 (as part of the budget transition), Program information is now only available for the display of 2000-2001 Actual and 2001-2002 Adopted Budget data.

Environmental Services Department

Budget Reconciliation

(2001-2002 Adopted to 2002-2003 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2001-2002):	454.50	138,107,731	2,633,750
<hr/> Base Adjustments <hr/>			
One-Time Prior Year Expenditures Deleted			
● Rebudget: Residential Hauling Contracts		(100,000)	0
● Rebudget: Wetlands Conceptual Design		(175,000)	0
● Rebudget: WEP Pilot Programs		(600,000)	0
● Rebudget: CIWMB Green Building Grant		(53,312)	(53,312)
● Rebudget: DOE Million Solar Roofs Program		(31,869)	(31,869)
● Rebudget: PG&E Cool Roofs Program Grant		(602,070)	(602,070)
● Rebudget: Targeting Energy Efficiency Mgmt Grant		(176,000)	(176,000)
● Rebudget: South Bay Clean Cities Commission Grant		(11,531)	(11,531)
● Rebudget: Customer Service Area Development		(160,000)	0
● Rebudget: Composting and Yard Waste		(26,000)	0
● Rebudget: Miscellaneous Projects		(253,520)	0
● Rebudget: Municipal Water Request for Proposal		(40,000)	0
● Rebudget: Mercury Data Collection		(200,000)	0
● Rebudget: Storm Water First Flush Pilot Study		(100,000)	0
● Rebudget: Public Area Recycling		(102,295)	0
● Community Education Campaign for Transition to New Recycling and Garbage Service Contracts		(1,800,000)	0
● Oracle Database for New Recycling and Garbage Service Contracts		(888,000)	0
● South Bay Water Recycling Vehicle and Maintenance Section Electric Carts		(104,000)	0
One-time Prior Year Expenditures Subtotal:	0.00	(5,423,597)	(874,782)
<hr/>			
Technical Adjustments to Costs of Ongoing Activities			
● Salary/benefit changes and the following position reallocations:		3,636,136	4,346
- Administrative Officer to Senior Accountant			
- Assoc Engineer (CE) UR to Assoc Civil Engineer Reg			
- Associate Sanitary Engineer to Associate Electrical Engineer			
- Environmental Services Spec. to Associate Engineer (UR)			
- Environmental Services Spec. to Marketing & Public Outreach Rep II			
- Financial Analyst to Senior Accountant			
- Office Specialist to Secretary			
- Process Systems Control Spec. to Information Sys. Analyst			
- Reallocations due to Call Center Reorganization:			
8.0 Office Specialist II, 2.0 Account Clerk II to 8.0 Sr. Office Specialist II,			
Prin Office Specialist, Staff Technician			
- Senior Source Control Inspector to Supervising Environmental Services Specialist			
- Senior Office Specialist to Office Specialist			
- Senior Source Control Inspector retitled to Environmental Inspector, Sr.			
- Senior Steno Clerk to Principal Office Specialist			

Environmental Services Department

Budget Reconciliation (Cont'd.)

(2001-2002 Adopted to 2002-2003 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Base Adjustments			
Technical Adjustments to Costs of Ongoing Activities			
(Cont'd.)			
- Senior Word/Micro Process Operator to Sup. Office Spec.			
- 22.0 Source Control Inspector II retitled to Environment Inspector II			
- 3.0 Source Control Technicians retitled to Environment Inspector, Assistant			
- Staff Technician to Analyst I/II			
- Supervising Accountant to Principal Accountant			
- 2.0 Assist. Environ. Svcs. Spec. to Environ. Svcs. Spec.			
- 2.0 Engineer II CE UR to Civil Engineer II Reg			
- 2.0 Marktg & Pub Outreach Rep II to Marktg & Pub Outreach I			
- Water System Supervisor to Sr. Civil Engineer			
- Word/Micro Process Operator to Sr. Office Specialist			
- Warehouse Worker I to Warehouse Worker II			
● Transfer 1.0 position to Information Technology Dept. (Process Sys. Spec I/II to Supervising Application Analyst)	(1.00)	(70,901)	0
● Single Family Dwellings recycling and garbage service - contract adjustments		(6,925,014)	0
● Reduction for landscape contractual services		(181,000)	0
● Decrease temporary staffing funds		(123,622)	0
● Yard Waste Collection/Compost contract adjustments		2,030,122	0
● Transfer of First Street Sweep from Dept. of Transportation		1,311,350	0
● Second Residential Street Sweep		775,700	0
● Fire Hydrant Maintenance		250,000	0
● Multi Family Dwellings recycling and garbage service - contract adjustments		240,672	0
● Residential E-Scrap Program adjustment		200,000	0
● Changes in water costs & customer base		116,511	0
● In-Lieu tax adjustment		20,209	0
● COLA for custodial services at the Plant		6,550	0
● Overhead (Fund 513) methodology change		6,908,787	0
● Changes in vehicle replacement costs		(1,203,000)	0
● Changes in gas and electricity costs		(618,000)	0
● Overhead (Fund 515) methodology change		568,349	0
● Changes in vehicle operations and maintenance costs		190,100	(6,700)
● Changes in insurance costs		84,789	0
Technical Adjustments Subtotal:	(1.00)	7,217,738	(2,354)
2002-2003 Forecast Base Budget:	453.50	139,901,872	1,756,614

Environmental Services Department

Budget Reconciliation (Cont'd.)

(2001-2002 Adopted to 2002-2003 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Investment/Budget Proposals Approved			
Manage Recycling and Garbage Services			
- Enhance Public Area Recycling Program		260,655	0
- Rebudget: Garbage and Recycling Programs		683,022	0
- Rebudget: Integrated Waste Management Infrastructure		988,000	0
Manage Recycling and Garbage Services Subtotal:	0.00	1,931,677	0
Manage Recycled Water			
- Environmental Services Staffing Efficiencies	(0.25)	(16,736)	0
- Lab Management Plan Implementation	1.00	129,505	0
Manage Recycled Water Subtotal:	0.75	112,769	0
Manage Wastewater			
- Lab Management Plan Implementation	(9.10)	(926,282)	0
- Environmental Services Staffing Efficiencies	(1.60)	(122,302)	0
- Rebudget: Vehicle Addition		35,000	0
Manage Wastewater Subtotal:	(10.70)	(1,013,584)	0
Manage Urban Runoff Quality			
- Environmental Services Staffing Efficiencies	(0.15)	(6,430)	0
- Lab Management Plan Implementation	0.10	9,227	0
- Rebudget: Watershed and Urban Runoff		460,000	0
- Rebudget: Watershed Database Design and Management		48,613	0
Manage Urban Runoff Quality Subtotal:	(0.05)	511,410	0
Strategic Support			
- Reallocate Information Systems Analyst	(1.00)	(79,724)	0
- Video Conferencing		100,000	0
Strategic Support Subtotal:	(1.00)	20,276	0
Total Investment/Budget Proposals Approved	(11.00)	1,562,548	0
2002-2003 Adopted Budget Total	442.50	141,464,420	1,756,614

Environmental Services Department

Core Service: Manage Recycling and Garbage Services *City Service Area: Environmental and Utility Services*

Core Service Purpose

Collect, process and dispose of solid waste to maximize diversion from landfills and protect public health, safety and the environment.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Develop and Administer Programs to Maximize Diversion | <input type="checkbox"/> Administer Collection, Processing, and Disposal Contracts |
| <input type="checkbox"/> Provide Quality Customer Service | <input type="checkbox"/> Provide Integrated Waste Management Fund Management |

Performance and Resource Overview

The most important current project related to this core service is the transition to the new residential garbage and recycling services contracts set to begin July 1, 2002. Since Council approved the recommended new haulers in late 2000, staff has been working to address various issues to ensure a seamless transition, as mentioned in the Mayor's Message. Major areas of focus include a comprehensive outreach program to educate residents on the new solid waste collection services, and development of a new database to improve data tracking, program and staff efficiency, and customer service.

A series of service enhancements to the residential recycling and garbage collection program were approved as a part of the transition of service agreements. In order to bring the residential program to cost recovery and maintain this level of enhanced services, a five-year rate strategy was approved beginning in 2002-2003. For the first year, rate increases effective January 2003 will be 3% and 4% for single-family and multi-family dwellings (MFD), respectively. The impact on the average single-family household will be a monthly increase of \$0.45 (from \$14.95 monthly to \$15.40). Through the approval of these rates, the residential program will be brought to cost recovery over a period of three years, with estimated rate increases of no more than 5% (6% for MFD) in any one year. After cost recovery is achieved, subsequent rate increases will reflect cost of living increases in ongoing program expenses to maintain cost recovery. Historically, the residential service program has been approximately 90% cost recovery. The only time these rates were raised since the program's inception in July 1993 was in 1999-2000 when single-family and multi-family rates were increased by 4% and 3%, respectively. Compared to other cities within Santa Clara County, San Jose will remain among the lowest in monthly single-family dwelling garbage rates. Further discussion is provided in the Integrated Waste Management Fund section of this document.

The removal of the exemption currently given in the Disposal Facility Tax for solid waste that can be used as Alternate Daily Cover (ADC) is included in this budget. ADC currently serves as a cheaper alternative for landfills to provide garbage cover, compared to dirt and other materials,

Environmental Services Department

Core Service: Manage Recycling and Garbage Services

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

but it also serves as an incentive for generators to dump rather than recycle yard waste material. Effective this fiscal year, solid waste classified as ADC will be subject to the current Disposal Facility Taxes (DFT) of \$13.00 per ton. It is anticipated that an additional \$1.8 million in DFT revenues will be collected in the General Fund in 2002-2003.

In addition, one-time excess funds in the amount of \$260,655 from the State's Bottle Beverage Recycling Program have been approved to enhance the City's Public Area Recycling Program. As a result, the Department will be able to accelerate the deployment of litter modules in public areas. This acceleration will impact core service performance through increased diversion and quality of the City's Public Area Recycling Program. As directed in the Mayor's Message, no permanent positions are being added through this State funding.

Performance in the Manage Recycling and Garbage Services Core Service continues to show good results. All performance measures are estimated to meet or exceed targeted levels for 2001-2002.

Performance Measure Development

The title of this core service reflects the merger of the two previous solid waste core services, *Manage Garbage Collection and Disposal* and *Manage Recyclables Collection and Processing*. Residents do not distinguish between recyclables and garbage collection services. Thus, the incorporation of these core services into one more accurately reflects how residents view solid waste collection and disposal services. A number of performance measures were re-worded to reflect the combination of these two core services.

The measures “% of missed residential pickups resolved within 24 hours,” and “% of missed pickups (recyclables) resolved within 24 hours” will be merged and replaced with “% of service requests resolved per contract requirements,” because garbage and recyclables service requests are not tracked separately as they are considered the same service.

The measure “% of solid waste customers rating service as good or excellent, based on reliability, ease of system use, and lack of disruption,” will be re-worded to “% of customers rating recycling and garbage services as good or excellent, based on reliability, ease of system use, and lack of disruption,” to reflect the merging of the two solid waste core services.

The wording of the measure “% of residential pickups completed as scheduled,” is not changing, but the data will reflect both recycling and garbage pickup misses.

Two measures are being dropped. The “Cost per ton diverted (residential sector)” measure is captured in the revised annual cost measure, “City's annual cost to provide recycling and garbage collection, processing and disposal (per residential household).” The second measure, “Cost of City programs per ton diverted (commercial sector),” is neither meaningful nor sustainable. The data used to calculate the measure is supplied by the commercial garbage and recycling haulers and is

Environmental Services Department






Core Service: Manage Recycling and Garbage Services

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Performance Measure Development (Cont'd.)

not reliable. Additionally, the City has no control over commercial sector recycling, thus making it a poor measure of the Core Service's performance. Finally, the calculations take approximately two days of staff time because each hauler's report must be analyzed individually, making the measure unsustainable.

Manage Recycling and Garbage Services Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 % of solid waste diverted from landfill State Goal: 50%	53%	50%	53%	54%
 % of residential pickups completed as scheduled	99.97%	100%	99.97%	100%
 City's annual cost to provide recycling and garbage collection, processing, and disposal (per residential household)	\$253	\$271	\$207	\$195
 % of service requests resolved per contract requirements	-	- New Measure		100%
 % of customers rating recycling and garbage services as good or excellent, based on reliability, ease of system use, and lack of disruption	82%	85%	85%	85%

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Total tons of residential solid waste diverted from landfills	223,658	210,000	225,000	240,000
Total tons of solid waste landfilled	250,340	250,000	250,164	255,000

Environmental Services Department

Core Service: Manage Recycling and Garbage Services
City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Manage Recycling and Garbage Services Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 3,579,442	\$ 3,631,964	N/A
Non-Personal/Equipment	N/A	N/A	51,158,800	53,037,955	N/A
Total	\$ -	\$ -	\$ 54,738,242	\$ 56,669,919	N/A
Authorized Positions	N/A	N/A	44.93	44.93	N/A

* The Resource Summary includes all Department Operating funds that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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“CLEAN AND GREEN” AIR, LAND AND ENERGY RESOURCES

1. Enhance Public Area Recycling Program	260,655	0
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This change enhances the City's Public Area Recycling Program through additional funding provided by the State's Bottle Bill (SB 332) beverage recycling revenues. This action will accelerate the scheduled replacement and/or deployment of recycling modules throughout the City's public areas, using one-time funding of \$260,655. The additional funding is available due to a change in timing of payments from the State. If funds are not used for beverage recycling programs, they must be returned to the State of California. (Ongoing cost: \$0)

Performance Results:

Quality Increased diversion in the City's Public Area Recycling Program resulting from replacement or deployment of recycling modules throughout the City's public areas.

Environmental Services Department

Core Service: Manage Recycling and Garbage Services

City Service Area: Environmental and Utility Services

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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"CLEAN AND GREEN" AIR, LAND AND ENERGY RESOURCES (CONT'D.)

2. Rebudget: Garbage and Recycling Programs 683,022 0

Rebudget of unexpended 2001-2002 funds will allow the Department to complete work associated with transition into the new Recycle Plus contracts (\$500,000) and the Public Area Recycling Program (\$183,022). (Ongoing cost: \$0)

Performance Results: N/A (Final Budget Modification)

RELIABLE UTILITY INFRASTRUCTURE

3. Rebudget: Integrated Waste Management Infrastructure 988,000 0

Rebudget of unexpended 2001-2002 funds will allow the Department to complete work associated with the Integrated Waste Management Database/Customer Service System (\$888,000) and the Construction and Demolition Infrastructure Grant Program (\$100,000). (Ongoing cost: \$0)

Performance Results: N/A (Final Budget Modification)

2002-2003 Adopted Core Service Changes Total	0.00	1,931,677	0
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Environmental Services Department

Core Service: Manage Potable Water
City Service Area: Environmental and Utility Services

Core Service Purpose

Develop, operate, and maintain the City's municipal potable water system.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> System Operations | <input type="checkbox"/> Customer Service |
| <input type="checkbox"/> System Maintenance | <input type="checkbox"/> System Expansion |
| <input type="checkbox"/> Regulatory Compliance | <input type="checkbox"/> System Improvements |

Performance and Resource Overview

The Municipal Water System (Muni Water) continues to deliver high quality service at low cost rates for San Jose residents compared to the private water retailers in San Jose. Wholesale water costs have increased significantly over the last few years and are scheduled to increase again in 2002-2003. Additionally, the same inflationary factors that affect the general economy also affect Muni Water's operating costs and administrative expenses. New costs associated with monitoring and implementation of expanded regulatory requirements in the area of water quality, as well as improvements to and replacement of the operational plant, have also increased the costs of providing water service. However, it should be noted that the economies of scale resulting from significant system growth coupled with increased efficiency will allow Muni Water to absorb those inflationary cost increases in 2002-2003 and avoid passing them to customers in the form of fee increases.

Effective in 2002-2003, Muni Water will assume responsibility for fire hydrant maintenance in the Muni Water System area from the Transportation Department. Funding is allocated in the Water Utility Fund to accommodate the additional costs associated with this transfer.

Performance in the Manage Potable Water Core Service continues to be high. Both the water quality and customer service requests handled within 24 hours performance measures met or exceeded the target. The performance measure "MWS cost per million gallons of water sold" was higher than the target by \$50 due to cost-of-living increases that were not known at the time the 2001-2002 target was developed. Although the customer satisfaction measure was slightly below targeted levels (89% versus a target of 95%), the overall customer satisfaction is still considered to be very high.

Performance Measure Development

The most significant change to this core service is the transfer of the water conservation operational service to the Protect Natural and Energy Resources Core Service. Because water conservation programs are administered tributary area-wide, not just in the Muni Water service area, the Protect Natural and Energy Resources Core Service more accurately reflects the comprehensive impact of

Environmental Services Department






Core Service: Manage Recycling and Garbage Services

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Performance Measure Development (Cont'd.)

not reliable. Additionally, the City has no control over commercial sector recycling, thus making it a poor measure of the Core Service's performance. Finally, the calculations take approximately two days of staff time because each hauler's report must be analyzed individually, making the measure unsustainable.

Manage Recycling and Garbage Services Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 % of solid waste diverted from landfill State Goal: 50%	53%	50%	53%	54%
 % of residential pickups completed as scheduled	99.97%	100%	99.97%	100%
 City's annual cost to provide recycling and garbage collection, processing, and disposal (per residential household)	\$253	\$271	\$207	\$195
 % of service requests resolved per contract requirements	-	- New Measure		100%
 % of customers rating recycling and garbage services as good or excellent, based on reliability, ease of system use, and lack of disruption	82%	85%	85%	85%

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Total tons of residential solid waste diverted from landfills	223,658	210,000	225,000	240,000
Total tons of solid waste landfilled	250,340	250,000	250,164	255,000

Environmental Services Department

Core Service: Manage Potable Water

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Manage Potable Water Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 2,533,687	\$ 2,533,687	N/A
Non-Personal/Equipment	N/A	N/A	13,059,420	13,059,420	N/A
Total	\$ -	\$ -	\$ 15,593,107	\$ 15,593,107	N/A
Authorized Positions	N/A	N/A	31.87	31.87	N/A

* The Resource Summary includes all Department Operating funds that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Environmental Services Department

Core Service: Manage Recycled Water

City Service Area: Environmental and Utility Services

Core Service Purpose

Develop, operate, and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply.

Key Operational Services:

- | | |
|--|---|
| <input type="checkbox"/> System Operations | <input type="checkbox"/> Education and Marketing |
| <input type="checkbox"/> System Maintenance | <input type="checkbox"/> System Master Planning |
| <input type="checkbox"/> Regulatory Compliance | <input type="checkbox"/> System Expansion |
| <input type="checkbox"/> Customer Connection Services | |

Performance and Resource Overview

The City's investment in South Bay Water Recycling (SBWR) and its expansion is helping the City protect endangered species habitat while providing an alternate supply of high-quality water for turf irrigation and other purposes. This effort supports the City's economic development goals and the associated growth while keeping the Water Pollution Control Plant's discharges to South San Francisco Bay within the wastewater discharge flow trigger of 120 million gallons per day (mgd) set by the Regional Water Quality Control Board.

Approximately 370 SBWR customers are currently using recycled water in a variety of ways including turf irrigation at parks, schools, golf courses, and businesses; landscape features such as ponds and fountains; water processing for manufacturing and cooling towers; and irrigation of local crops. As more customers are added to the system, the amount of water diverted from discharge into the South San Francisco Bay will continue to increase and approach the system's transmission capacity. Phase II of SBWR began with the construction of pipeline projects in Santa Clara and Milpitas and will continue with the planned Silver Creek Alignment and expansion into Coyote Valley.

The performance measure "Cost per million gallons of recycled water delivered in 2001-2002" is projected to be below targeted levels by 42% due to the realignment of charges used to calculate this performance measure. For 2002-2003, it is projected that new customers will increase recycled water diversion from the Bay to 11 mgd on average during the dry weather season compared to an average of 10 mgd last summer.

Performance Measure Development

The cycle time measure "% of 'No Water' complaints resolved within 72 hours" for this core service has been problematic because the data required must be collected and reported by the four water retailers. To date, they are unable to provide this data. The Department will continue to search for a meaningful and sustainable alternative measure.







Environmental Services Department

Core Service: Manage Recycled Water
City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Performance Measure Development (Cont'd.)

The cost measure "Cost per million gallons of recycled water delivered" will include a second section. This measure will read, "Cost per million gallons of recycled water delivered / Cost per acre foot." Acre foot is the standard industry unit of measurement and will facilitate comparison to other agencies who use this limit.

Manage Recycled Water Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 Millions of gallons per day diverted from flow to the Bay during the dry weather period	8.9	10.0	10.0	11.0
 Millions of gallons of recycled water delivered annually	1,750	2,000	2,000	2,100
 % of time recycled water quality standards are met or surpassed	98%	100%	99%	100%
 Cost per million gallons of recycled water delivered/Cost per acre foot	\$1,122 / -	\$1,700 / -	\$985 / New Measure*	\$1,034 / -
 % of "No Water" complaints resolved within 72 hours	-	-	TBD*	TBD
 % of recycled water customers rating service as good or excellent, based on reliability, water quality, and responsiveness	76%	80%	78%	80%

* See Performance Measure Development section

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Total number of South Bay Water Recycling customers	324	420	370	450

Environmental Services Department

Core Service: Manage Recycled Water City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Manage Recycled Water Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 1,872,060	\$ 1,958,917	N/A
Non-Personal/Equipment	N/A	N/A	2,006,481	2,032,393	N/A
Total	\$ -	\$ -	\$ 3,878,541	\$ 3,991,310	N/A
Authorized Positions	N/A	N/A	20.40	21.15	N/A

* The Resource Summary includes all Department Operating funds that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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HEALTHY STREAMS, RIVERS, MARSH AND BAY

1. Environmental Services Staffing Efficiencies	(0.25)	(16,736)	0
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This action eliminates a Senior Office Specialist position (0.25 FTE in this core service) due to restructuring of clerical staff within the Watershed Protection Deputy Group without impacting service levels. This reduction is part of a larger action that also eliminates a Source Control Inspector II position and adds a Supervising Environmental Services Specialist position. The Supervising Environmental Services Specialist position will provide additional technical and specialized support, supervision, and operational and contract oversight for projects related to watershed protection and the maintenance of National Pollutant Discharge Elimination System permit requirements. (Ongoing savings: \$16,736)

Performance Results:

Quality Ensures adequate programmatic oversight to ensure quality services.

Environmental Services Department

Core Service: Manage Recycled Water
City Service Area: Environmental and Utility Services

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
HEALTHY STREAMS, RIVERS, MARSH AND BAY (CONT'D.)			
2. Lab Management Plan Implementation	1.00	129,505	0
<p>This change redeploys one Research Chemist from the Water Pollution Control Plant Laboratory to this core service within the Watershed Protection Division, to reflect the type of work currently being performed accurately. As a result of the Laboratory Management Plan implementation (discussed in more detail in the Manage Wastewater Core Service section of this document), a number of positions are being redeployed to other sections of the Watershed Protection Division. This position will continue to perform functions related to Endocrine Disruptors and permit-related issues related to the use of recycled water. (Ongoing cost: \$129,505)</p>			
Performance Results: This action will align services with current workload related to the Manage Recycled Water core service with no adverse impact on performance levels.			
2002-2003 Adopted Core Service Changes Total	0.75	112,769	0

Environmental Services Department

Core Service: Manage Wastewater

City Service Area: Environmental and Utility Services

Core Service Purpose

Manage wastewater for suitable discharge into the South San Francisco Bay and for beneficial reuse to protect the environment and public health.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Source Management and Control | <input type="checkbox"/> Regulatory Development and |
| <input type="checkbox"/> Operation of Treatment System | Technical Guidance |
| <input type="checkbox"/> and Processes | <input type="checkbox"/> Process Control Monitoring |
| <input type="checkbox"/> Maintain Equipment and Facilities | <input type="checkbox"/> System Improvements |
| <input type="checkbox"/> Regulatory Compliance | |

Performance and Resource Overview

The key performance issue for this core service is to continue to meet the Regional Water Quality Control Board's permit requirements and flow trigger of 120 million gallons per day (mgd). If average discharges from the Water Pollution Control Plant exceed this level during the May through October dry weather season, the Board could order a number of more stringent measures, such as a building moratorium, that could threaten San Jose's continued economic growth.

As a result of changes to the Source Control Program in 2001-2002 and the completion of various other projects, the workload at the Water Pollution Control Laboratory has decreased. The Department performed an extensive review and analysis of the Laboratory structure, staffing, and workload. Using the tools of Investing in Results, Laboratory services quality, cycle time, cost, and customer satisfaction were evaluated and formed the basis of the recommendations included in the Laboratory Management Plan Report. As a result, a number of positions are being eliminated in conjunction with staffing realignments. These changes, coupled with other structural changes to the program, will actually improve performance while saving the Department approximately \$788,000.

Also included in this core service is the elimination of one Senior Heavy Equipment Operator. This reduction is due to workload changes and increased efficiencies in the Residual Sludge Management Section, which allows the elimination of one position with no adverse impact to service levels.

In addition to the staffing efficiencies already mentioned, the addition of a Supervising Environmental Services Specialist position was approved as part of this budget. This position will provide supervision, operational oversight, and contract management of various watershed projects. Some of these projects include Streamflow Augmentation, South Bay Monitoring, Marsh Mitigation and other permit-related projects.

Environmental Services Department

Core Service: Manage Wastewater

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

The Department is performing at or above its performance measurement targets for 2001-2002. The performance measure "Million gallons per day discharged to Bay during average dry weather season" is well below targeted levels due to both increased recycled water consumption and the downturn in the economy. As the economy improves in 2002-2003, the water discharged to the Bay is expected to return to historical levels and is estimated to be 119 mgd. The "Cost per million gallons treated" measure is projected to end the year slightly below targeted levels due to lower than estimated utility costs, position vacancy savings, reduced chemical costs and process efficiency improvements implemented during 2001-2002. When this estimate was developed, utility costs, which comprise a major portion of the Water Pollution Control Plant's operating costs, were extremely high and were expected to remain so well into 2001-2002. However, since then, energy costs have dropped, thereby reducing the cost to treat wastewater.

Performance Measure Development





The performance measure "% of customers satisfied or very satisfied with service (commercial sector), based on reliability and pre-treatment services" is currently being evaluated for its usefulness as an annual measure. Staff is considering administering the survey used to evaluate satisfaction bi-annually rather than annually. The survey was not administered in 2001-2002, and therefore, no data is available to report.

Environmental Services Department

Core Service: Manage Wastewater

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Manage Wastewater Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 Millions of gallons per day discharged to Bay during average dry weather season (average) State order: 120 mgd or less	116	119	107	119
 % of time pollutant discharge requirements are met or surpassed	99%	100%	100%	100%
 Cost per million gallons treated	\$674	\$675	\$665	\$670
 % of customers satisfied or very satisfied with service (commercial sector), based on reliability and pre-treatment services	88%	90%	No Survey in 2001-2002	90%

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Average millions of gallons per day treated	127	132	121	123
Total population in service area	1,263,000	1,271,000	1,271,000	1,303,600

Manage Wastewater Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 23,234,094	\$ 22,467,123	N/A
Non-Personal/Equipment	N/A	N/A	25,769,346	25,522,733	N/A
Total	\$ -	\$ -	\$ 49,003,440	\$ 47,989,856	N/A
Authorized Positions	N/A	N/A	268.45	257.75	N/A

* The Resource Summary includes all Department Operating funds that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Environmental Services Department

Core Service: Manage Wastewater
City Service Area: Environmental and Utility Services

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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HEALTHY STREAMS, RIVERS, MARSH AND BAY

1. Lab Management Plan Implementation	(9.10)	(926,282)	0
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The Laboratory Management Plan reduces 13 positions in the Water Pollution Control Plant Laboratory to align staff resources with workload levels. Eight positions (three Chemists, four Laboratory Technicians, one Biologist) will be deleted to ensure an efficient and cost-effective laboratory resulting from workload reductions from the Source Control Program. An additional five positions (three Biologists, one Aquatic Toxicologist, one Research Chemist) will be redeployed elsewhere in the Watershed Protection Division to reflect the type of work currently being performed accurately (1.1 FTE of these positions will be redeployed to other core services). (Ongoing savings: \$926,282)

Performance Results:

This action will align services with current workload related to Watershed Protection, with no adverse impact on performance levels.

2. Environmental Services Staffing Efficiencies	(1.60)	(122,302)	0
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This action eliminates a Senior Office Specialist position (0.50 FTE in this core service) due to restructuring of clerical staff within the Watershed Protection Deputy Group without impacting service levels and eliminates an Environmental Inspector II position (1.0 FTE) from the Source Control Program. This reduction is part of the Department's commitment to match workload associated with the program's mission and goals. This action also adds a Supervising Environmental Services Specialist position (0.90 FTE in this core service) to serve as the section head for the Watershed Investigations Section of the Watershed Protection Division. This position will provide additional technical and specialized support, supervision, and operational and contract oversight for projects related to watershed protection and the maintenance of National Pollutant Discharge Elimination System permit requirements. The elimination of a Senior Heavy Equipment Operator position from the San Jose/Santa Clara Water Pollution Control Plant was also approved, resulting from efficiencies gained and the transfer of field equipment preventative maintenance responsibilities to the General Services Department. (Ongoing savings: \$122,302)

Performance Results:

Quality Ensures adequate programmatic oversight to ensure quality services.

3. Rebudget: Vehicle Addition		35,000	0
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Rebudget of unexpended 2001-2002 funds will allow the Department to purchase a truck at the Water Pollution Control Plant. (Ongoing cost: \$0)

Performance Results: N/A (Final Budget Modification)

2002-2003 Adopted Core Service Changes Total	(10.70)	(1,013,584)	0
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Environmental Services Department

Core Service: Manage Urban Runoff Quality
City Service Area: Environmental and Utility Services

Core Service Purpose

Promote the health of the South Bay watershed through regulatory programs that prevent pollution from entering the storm sewer system and waterways.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Illegal Discharge Response Program (ICID) | <input type="checkbox"/> Inter-Departmental Technical Support |
| <input type="checkbox"/> Industrial Inspection Program (IND) | <input type="checkbox"/> Inter-Agency Collaboration |
| <input type="checkbox"/> Stream Quality Monitoring Program | |

Performance and Resource Overview

Much of this core service's current work is governed by the City's National Pollutant Discharge Elimination System (NPDES) permit for separate municipal storm sewer systems. Extensive efforts are underway in several other City departments, including Public Works, Transportation, General Services, and Planning, Building, and Code Enforcement, which also contribute to the City's success in managing urban runoff quality.

The NPDES Stormwater permit for 2000-2005 was approved in February 2001, and then re-opened in October 2001 when new development and redevelopment requirements were added. Additional funds were added in the 2001-2002 budget to support these new requirements, however, revenue collections are inadequate to support this level of services on an ongoing basis. Furthermore, additional funds are needed for storm sewer capital projects in order to maintain the structural integrity of the storm sewer system. In order to fund the activities adequately in the storm sewer program, Council approved a multi-year rate increase strategy, involving increases of 4% to 4.5% in each of the next three years. In 2002-2003, a 4% increase in the Storm Sewer Service charge will raise the annual single-family residential rate by \$1.62, from \$40.48 to \$42.10. This funding will enable the Department to meet the performance standards set by the permit, maintain the storm sewer infrastructure, as well as support the health of the South Bay Watershed.

Included in this core service are funding changes to positions related to the Water Pollution Control Laboratory Management Plan and Environmental Services Department staffing efficiencies. These changes are included to reflect alignment of staff to this core service accurately.

Performance Measure Development

The performance measure "% of Urban Runoff Management Plan tasks met city-wide" will be eliminated. It duplicates performance measure "% of Urban Runoff Management Plan Performance Standard Work Plans proceeding on or ahead of schedule." This latter performance measure will

Environmental Services Department

Core Service: Manage Urban Runoff Quality

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Performance Measure Development (Cont'd.)

be reworded to “% of Urban Runoff Management Plan work plan tasks completed by target date,” to clarify the measure. One of the two customer satisfaction measures, “% of residents and businesses rating urban runoff management services as good or excellent,” will also be eliminated. It is not meaningful as urban runoff services are global in nature (e.g., street sweeping, sewer operating and maintenance, inlet cleaning and permit review, etc.). The other customer satisfaction measure “% of residents and businesses rating condition of waterways as good or excellent, based on cleanliness and appearance,” will be replaced with a more meaningful and definitive measure, “% of residents surveyed who understand that any substances washed down the street end up in the Bay without treatment through the Storm Sewer System.”





Under Activity and Workload Highlights, the first two highlights will be eliminated since they are neither meaningful nor sustainable. Approximately 70 categories of Storm Sewer billing parcel types exist, some of which are mixed use commercial and residential. Additionally, some parcels have more than one unit so the data is not an accurate indication of the number of customers served. Finally, the tax roll database categorizes the parcels by the 70 types, requiring staff to manually apportion and calculate the data, a task which is highly time-consuming.

Environmental Services Department

Core Service: Manage Urban Runoff Quality

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Manage Urban Runoff Quality Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 Cost per residential unit	\$40.48	\$40.48	\$40.48	\$42.10
 Cost per parcel (non-residential sector)	\$279.08	\$279.08	\$279.08	\$293.03
 % of Urban Runoff Management Plan* tasks completed by target date	75%	N/A	100%	100%
 % of residents surveyed who understand that any substances washed down the street end up in the Bay without treatment through the Storm Sewer System	-	40%	32%	32%

* Compliance plan for National Pollutant Discharge Elimination System (NPDES) Stormwater permit.

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Annual Urban Runoff Management Plan tasks due city-wide	147	200	149	200

Manage Urban Runoff Quality Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 1,914,115	\$ 1,916,562	N/A
Non-Personal/Equipment	N/A	N/A	2,883,678	3,392,641	N/A
Total	\$ -	\$ -	\$ 4,797,793	\$ 5,309,203	N/A
Authorized Positions	N/A	N/A	22.00	21.95	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Environmental Services Department

Core Service: Manage Urban Runoff Quality
City Service Area: Environmental and Utility Services

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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HEALTHY STREAMS, RIVERS, MARSH AND BAY

- | | | | |
|---|--------|---------|---|
| 1. Environmental Services Staffing Efficiencies | (0.15) | (6,430) | 0 |
|---|--------|---------|---|

This action eliminates a Senior Office Specialist position (0.25 FTE in this core service) due to restructuring of clerical staff within the Watershed Protection Division without impacting service levels. The addition of a Supervising Environmental Services Specialist position (0.10 FTE in this core service) to serve as the section head for the Watershed Investigations Section of the Watershed Protection Division is also included in this action. This position will provide additional technical and specialized support, supervision, and operational and contract oversight for projects such as Streamflow Augmentation, South Bay Monitoring and Marsh Mitigation and other projects related to watershed protection and the maintenance of National Pollutant Discharge Elimination System permit requirements. (Ongoing savings: \$6,430)

Performance Results:

Quality Ensures adequate programmatic oversight to ensure quality services.

- | | | | |
|---------------------------------------|------|-------|---|
| 2. Lab Management Plan Implementation | 0.10 | 9,227 | 0 |
|---------------------------------------|------|-------|---|

A portion of one Biologist (0.10 FTE) will be redeployed from the Water Pollution Control Plant Laboratory to the Watershed Protection Division to reflect more accurately the organization that it currently supports. As a result of the Laboratory Management Plan Implementation (discussed in more detail in the Manage Wastewater Core Service section of this document), a number of positions are redeployed to other sections of the Watershed Protection Division. This position performs duties related to stream-flow augmentation and implementation elements of the new National Pollutant Discharge Elimination System storm water permit requirements. (Ongoing cost: \$9,227)

Performance Results:

This action will align services with current workload related to Watershed Protection, with no adverse impact on performance levels.

- | | | | |
|---|--|---------|---|
| 3. Rebudget: Watershed and Urban Runoff | | 460,000 | 0 |
|---|--|---------|---|

Rebudget of unexpended 2001-2002 funds will allow the Department to complete work associated with data collection for Mercury TMDL (\$200,000), analysis for the Storm Water Flush Pilot Study (\$100,000), the Watershed Management Initiative stream assessment (\$45,000), and pollution prevention outreach (\$115,000). (Ongoing cost: \$0)

Performance Results: N/A (Final Budget Modification)

Environmental Services Department

Core Service: Manage Urban Runoff Quality

City Service Area: Environmental and Utility Services

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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RELIABLE UTILITY INFRASTRUCTURE

4. Rebudget: Watershed Database Design and Management		48,613	0
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Rebudget of unexpended 2001-2002 funds will allow the Department to complete work on a database that supports the Watershed Protection Division's Industrial and Commercial Inspection Program as recommended by the City Auditor. (Ongoing cost: \$0)

Performance Results: N/A (Final Budget Modification)

2002-2003 Adopted Core Service Changes Total	(0.05)	511,410	0
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Environmental Services Department

Core Service: Protect Natural and Energy Resources

City Service Area: Environmental and Utility Services

Core Service Purpose

Promote enhanced air quality, environmentally responsible land use, and conservation of water and energy resources.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Promote Improved Air Quality | <input type="checkbox"/> Protect and Monitor Groundwater Quality |
| <input type="checkbox"/> Implement Sustainable Energy Practices | <input type="checkbox"/> NPDES Permits Development |
| <input type="checkbox"/> Manage Green Building Program | <input type="checkbox"/> Habitat Protection |
| <input type="checkbox"/> Development Review and Land Use Policy Implementation | <input type="checkbox"/> Water Conservation |

Performance and Resource Overview

This core service focuses on the City's contributions to protecting and conserving air, land, water, and energy. In its other five core services, the Department accomplishes its mission and practices environmental leadership through the services it provides. In this core service, other than water conservation activities, direct services are more limited and the focus is on practicing leadership through education, influence, and coordination.

The adoption in June 2001 of the City-wide Green Building Policy demonstrates the City's commitment to yield cost savings to the City taxpayers through reduced operating costs, to provide healthy work environments for staff and visitors, and to contribute to the City's goals of protecting, conserving, and enhancing the region's environmental resources. Additionally, the City hopes to provide leadership by setting a community standard of sustainable/green building.

ESD staff have been working with an interdepartmental Green Building team and the facility managers for various departments to identify the resources needed to implement the Green Building guidelines for new and existing City facilities, and to provide technical assistance to the private sector. Implementation of the City's Green Building Policies in its existing building stock and new facility projects would provide operations and maintenance savings for the life of these projects, up to 30-40 years of savings in many cases. Approximately \$150,000 has been allocated across various Capital Programs toward Green Building Policy implementation. As emphasized in the Mayor's Message, this allocation will provide funding for consultants to help train City staff to implement Green Building policies.

The most significant change to this core service is the transfer of the Water Conservation operational service from the Manage Potable Water Core Service. This transfer reflects the dual benefit of the City's water conservation programs of both preserving the future water supply, and

Environmental Services Department

Core Service: Protect Natural and Energy Resources

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

maintaining flow to the Water Pollution Control Plant below the 120 mgd flow trigger in the City's National Pollutant Discharge Elimination System (NPDES) Wastewater Permit. Therefore, included in this document is a change in the core service name from Protect Air, Land, and Energy Resources to Protect Natural and Energy Resources to reflect the inclusion of water in natural resources.

Performance in this core service is tracking at or above targeted levels with the exception of the performance measure "Cost per million gallons of water conserved through City programs." In the past, cost-sharing partnerships with the Santa Clara Valley Water District (Water District) enabled the City to leverage funds while achieving high levels of conservation. Due to changes in the Water District's programs, cost-sharing on single-family residential toilet programs no longer exist, accounting for the majority of Water Efficiency Program costs. For 2002-2003, the target for this measure was revised upward to reflect the discontinuation of cost-sharing on single-family residential Ultra-Low Flush Toilets (ULFT) retrofits. Additionally, the toilets remaining to be replaced in the residential sector lie in the more challenging, harder to reach households such as the elderly and disabled, small multi-family dwellings, and the more expensive commercial sector. Thus, the cost to reach these groups is higher.

Performance Measure Development

After collecting data for two years, it has become apparent that some of the original measures are either not meaningful, useful, or sustainable. Consequently, a number of performance measures are being changed or eliminated. Both the "% of annual development meeting or surpassing City sustainability standards," and "% of lands managed for habitat protection, enhancement, and environmental uses" measures will be deleted because they are not sustainable due to lack of available data. Because City programs cannot control the energy usage of residents, the "Energy used per resident" measure will be replaced by one the City can influence, "% Energy Conserved in City facilities." Finally, the "# of days to obtain permit for Green Building projects relative to # of days to obtain standard permit" performance measure has not proved to be meaningful or useful and will be replaced with "% of new City facilities incorporating the Green Building guidelines implementation goal as adopted by the City Council (Leadership in Energy and Environmental Design [LEED] certification)."








With the movement of the water conservation operational service to the Protect Natural and Energy Resources core service, three performance measures "Gallons of water conserved per customer: Municipal Water System (MWS) and citywide"; "Cost per million gallons per day conserved through City programs"; and "% of residents rating City water conservation programs as good or excellent, based on awareness and program accessibility" appear in this core service for the first time. Further, one activity and workload highlight was moved "Millions of gallons per day conserved (Tributary area-wide)." Finally, the performance measure "Gallons of water conserved per customer: Municipal Water System and city-wide" will be changed to "% of annual goal for gallons of water conserved tributary area-wide," to reflect the service areas of the water conservation programs.

Environmental Services Department

Core Service: Protect Natural and Energy Resources

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Protect Natural and Energy Resources Performance Summary	2000-2001 Actual	2001-2002 Target	2001-2002 Estimated	2002-2003 Target
 (Energy) % energy conserved in City facilities	N/A	N/A	12%	10%
 (Energy) % of new City facilities incorporating the Green Building Guidelines implementation goal as adopted by Council (LEED certification)	-	-	New Measure	100%
 (Air) % of days San Jose air is in compliance with regional air quality standards	100%	100%	100%	100%
 (Water) % of annual goal for gallons of water conserved tributary-wide	-	-	New Measure	100%
 (Water) Cost per million gallons of water per day conserved through City programs*	\$2.0 million	\$1.7 million	\$1.9 million	\$3.4 million
 (Air) % of residents rating air quality as good or excellent, based on cleanliness and appearance	54%	55%	55%	56%
 (Water) % of residents rating City water conservation programs as good or excellent, based on awareness and program accessibility	42%	45%	49%	50%

* Cost after Santa Clara Valley Water District cost-sharing

Activity & Workload Highlights	2000-2001 Actual	2001-2002 Forecast	2001-2002 Estimated	2002-2003 Forecast
Millions of gallons per day conserved (Tributary area-wide)	0.7	1.2	0.7	0.4

Environmental Services Department

Core Service: Protect Natural and Energy Resources

City Service Area: Environmental and Utility Services

Performance and Resource Overview (Cont'd.)

Protect Natural and Energy Resources Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	N/A	N/A	\$ 749,218	\$ 827,218	N/A
Non-Personal/Equipment	N/A	N/A	4,575,837	4,497,837	N/A
Total	\$ -	\$ -	\$ 5,325,055	\$ 5,325,055	N/A
Authorized Positions	N/A	N/A	8.00	8.00	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Environmental Services Department

Strategic Support

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Environmental Services Department includes:

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Public Education | <input type="checkbox"/> Financial Management |
| <input type="checkbox"/> Long Range Planning | <input type="checkbox"/> Computer Services |
| <input type="checkbox"/> Employee Services | <input type="checkbox"/> Clerical Support |
| <input type="checkbox"/> Facility Management | <input type="checkbox"/> Materials Management |

Performance and Resource Overview

Key initiatives in this area include annual reporting on ESD's special funds and rates, and legislative research and advocacy.

Included in this Adopted Budget is an action to implement video conferencing among four ESD locations. The amount of \$100,000 will be allocated to ESD as a pilot department for possible future video conferencing deployment throughout the City. This pilot program is anticipated to produce departmental cost savings and increased productivity through reduced travel time and costs.

Strategic Support Resource Summary	2000-2001 Actual 1	2001-2002 Adopted 2	2002-2003 Forecast 3	2002-2003 Adopted 4	% Change (2 to 4)
Strategic Support Budget*					
Personal Services	N/A	N/A	\$ 4,785,462	\$ 4,705,738	N/A
Non-Personal/Equipment	N/A	N/A	1,780,232	1,880,232	N/A
Total	\$ -	\$ -	\$ 6,565,694	\$ 6,585,970	N/A
Authorized Positions	N/A	N/A	57.85	56.85	N/A

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Environmental Services Department

Strategic Support

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
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RELIABLE UTILITY INFRASTRUCTURE

1. Reallocate Information Systems Analyst	(1.00)	(79,724)	0
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Reallocates an Information Systems Analyst from ESD to the Information Technology Department to reflect the location of this position correctly. (Ongoing savings: \$79,724)

Performance Results: N/A (Final Budget Modification)

2. Video Conferencing		100,000	0
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Video conferencing will enable ESD personnel based in four separate locations to conduct meetings without having to travel. This allows greater productivity by reducing the amount of travel time spent by numerous employees who must regularly attend meetings at the various ESD locations. Various Special Funds will be used to acquire and install router and switching components, related software, cameras, monitors and necessary cabling. The Information Technology Planning Board recommended this funding as a pilot program for the City. (Ongoing cost: \$0)

Performance Results:

Cost Efficiencies will be gained through reduced travel costs as well as reduced staff time spent in transit to or from meetings.

2002-2003 Adopted Strategic Support Changes Total	(1.00)	20,276	0
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